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# FINANCIAL TIMES

LONDON - FRANKFURT - NEW YORK

No. 30,504 \*\*\* Saturday 2/Sunday 3 April 1988

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+ CONSISTENT GROWTH  
+ GOOD MANAGEMENT =  
**WOLSELEY**

## WORLD NEWS

### Soviet Union rejects US Afghan plan

THE Soviet Union yesterday rejected a proposal by US Secretary of State George Shultz, that the US and the Soviet Union should continue to give military aid to their allies in the Afghan war during a Soviet withdrawal.

### Five dead in Ulster crash

Five people were killed and three injured in a road crash in South Londonderry.

### Fifth man charged

Antony Gallagher, 17, was accused in Belfast of causing grievous bodily harm to a British corporal. He is the fifth man charged in connection with the murder of two soldiers at an IRA funeral on March 19.

### Gibraltar inquiry urged

Labour MPs stepped up pressure for an inquiry into last month's shootings in Gibraltar of three IRA terrorists by British troops.

### Meese ruling

A special prosecutor said there was insufficient evidence to bring charges against US Attorney General Edwin Meese. Earlier story, Page 2.

### \$25m US aid for Contras

President Reagan signed a Congressional bill giving \$25m (\$25m) of humanitarian aid to Nicaraguan Contra rebels. Page 2.

### Sikhs gun down 34

Thirty four Indians, including 18 members of a single family, were shot dead by Sikh terrorists in Punjab, near Amritsar. Page 3.

### UK rejects Cypriot plea

The Government dismissed an appeal by newly-elected Cypriot president George Vassiliou for British troops on the island to be withdrawn. Page 2.

### Turks kill 29 Kurds

Twenty Kurdish guerrillas and three Turkish troops died in a battle near the Syrian border. Page 2.

### Iraq in chemical charge

Iraq claimed 75 people were killed and more than 100 injured in further Iraqi chemical bomb attacks on Kurdish towns. Page 2.

### Aldermaston revisited

Thousands of people began a four-day march to Aldermaston, the atomic weapons establishment, on the 30th anniversary of the first "Ban the Bomb" march.

### Awards for FT writers

Financial Times writers Robin Lane Fox, Clement Crisp and John Wyles, were named in the 1987 British press awards. Page 3.

### Fortune for tuna

An Irish supermarket chain paid more than £2,000 for a 70lb tuna netted off the Republic's Blacklet Islands.

### Seoul shipyard strike

A protester set himself on fire as more than 10,000 workers at South Korea's second largest shipyard went on strike to press for a 55 per cent pay rise.

### Financial Times

The Financial Times will not be published on Easter Monday. The next issue will be on Tuesday.

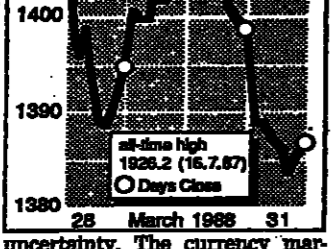
## BUSINESS SUMMARY

### Siemens and Westinghouse to collaborate

THE FIRST stage of a collaboration between Siemens of West Germany and Westinghouse Electric of the US was announced by both companies.

### FT Ordinary Share Index fell 84.9

over the week to close at 1,386.7 as the market extended the fall which began at the end of the previous week following dollar



### PERKINS ENGINES, British-based engine arm of Canadian Varsity group, and US Detroit Diesel Corporation, in talks to merge and rationalise their distributor networks in North America. Page 9.

### SECURITIES and Investments Board, umbrella body for the City's self-regulatory system, is attempting to set up the first international network of bilateral agreements between supervisors of investment and securities firms. Page 4.

### EUROPEAN COMMISSION is asking Japan to clarify advantages offered to US contractors. Page 3.

### US SENATE overwhelmingly passed a bill phasing out the separation between banking and commerce in the 1933 Glass-Steagall Act. Page 3.

### JAPAN'S unadjusted current surplus fell to \$6.85bn (£3.7bn) in February from a surplus of \$7.83bn a year earlier, but rose from a \$3.52bn surplus the previous month. Page 3.

### US UNEMPLOYMENT fell to 5.6 per cent in March, the lowest level this decade, from 5.7 per cent in February. Page 2.

### CONFEDERATION of British Industry warned that employers who become too closely involved in pension mortgage arrangements risk losing the tax-approved status of their company pension schemes. Page 4.

### R.H. MACY, the privately-owned New York retailing group, emerged as the high bidder in the record-breaking \$6.7bn (£3.5bn) auction for US Federated Department Stores. Page 9.

### DEWEY WARREN Holdings, Robert Holmes & Court's London-based financial services group, hit by disastrous arbitrage investments, reported a pre-tax loss of £29m for 1987. Back Page.

### ELLENHEIM EXHIBITIONS, conference and exhibitions organiser, has more than doubled pre-tax profits to £1.43m for the six months to February 29, 1988. The advance from \$502,000 was made on turnover ahead to £5.83m (£2.22m). Page 8.

### BANK OF ITALY lifted the restrictions on bank lending that are known as the massimale or corset. Page 2.

### Figures from European markets in the following table are from Thursday

DOLLAR		STERLING	
New York lunchtime:	DM 1.6555	New York lunchtime \$1,8905	London: \$1,890 (L8700)
FFr 5.8155	DM 3.1250 (3.1125)	DM 3.1250 (3.1125)	DM 3.1250 (3.1125)
SFr 1.3635	FFr 10.5975 (10.5525)	FFr 10.5975 (10.5525)	FFr 10.5975 (10.5525)
Y124.05	SFr 2.3750 (2.3675)	SFr 2.3750 (2.3675)	SFr 2.3750 (2.3675)
London:	Y284.25 (283.75)	Y284.25 (283.75)	Y284.25 (283.75)
DM 1.6560 (L6640)	Sterling index 78.1 (77.7)	Sterling index 78.1 (77.7)	Sterling index 78.1 (77.7)
FFr 5.8125 (5.8425)			
SFr 1.3638 (L3735)			
Y124.10 (L25.00)			
Dollar index 92.2 (92.8)			
Tokyo close Y124.10			
US LUNCHTIME RATES		NORTH SEA OIL	
Fed Funds 6%	Brent 15-day (Argus)	n/a	n/a
3-month Treasury Bills: yield: 5.83			
Long Bond: 101.4 yield: 8.751			
GOLD		STOCK INDICES	
New York: Comex June 547.9	FT Ord 1386.7 (114)	FT Ord 1386.7 (114)	FT Ord 1386.7 (114)
London: \$456.25 (454.25)	FT-A All Share 896.75 (-8.18%)	FT-A All Share 896.75 (-8.18%)	FT-A All Share 896.75 (-8.18%)
	FT-SE 100 1742.5 (-14.4)	FT-SE 100 1742.5 (-14.4)	FT-SE 100 1742.5 (-14.4)
	FT-A long gilt yield index: 11.24 (11.03)	FT-A long gilt yield index: 11.24 (11.03)	FT-A long gilt yield index: 11.24 (11.03)
	New York lunchtime:	New York lunchtime:	New York lunchtime:
	DJ Ind Av 1988.06 (+9.95)	DJ Ind Av 1988.06 (+9.95)	DJ Ind Av 1988.06 (+9.95)
	Tokyo:	Tokyo:	Tokyo:
	Nikkei 26,104.22 (-150.04)	Nikkei 26,104.22 (-150.04)	Nikkei 26,104.22 (-150.04)

## P&O raises pressure on striking seamen as negotiations collapse

BY JOHN GAPPER IN LONDON AND GEORGE GRAHAM IN PARIS

P&O European Ferries is to step up pressure on its 2,300 striking seafarers to accept new contracts including changes to working practices following the collapse yesterday of negotiations with the National Union of Seamen.

Mr Peter Ford, the company's chairman, said the NUS Dover port committee no longer represented its members' views. He believed a solution could be reached, but "whether we will go through the port committee or not is becoming a big issue."

Talks in London between the company and the union at the offices of the conciliation service ACAS ended without progress as questions of holidaymakers built up packages of changes cutting with the National Union of Seamen.

Mr Ford said no further talks were planned following the union's rejection of a revised package of changes cutting the number of enforced redundancies from 460 to 382.

NUS leaders were also pessimistic about the chances of an early solution to the eight-week-old dispute. Mr Sam McCluskie, NUS general secretary, said the company had proved unwilling to negotiate seriously.

About 100 holiday coaches were last night waiting at Dover to catch ferries operated by Sealink. Waiting times at Calais averaged 18 hours for lorries and eight hours for coaches. Cars were moving relatively smoothly.

On Thursday, the High Court refused to allow a strike ballot of Sealink employees after Mr James Sherwood, chairman of the Socialist-CPT, met in a mass meeting of seamen over the dispute in Dover tomorrow. He said he was confident the seamen would back their negotiators' rejection of more intensive working patterns.

Mr McCluskie said a revised package drawn up by Acas, known as Option B, under which the number of redundancies is reduced, and the maximum period seafarers would have to spend at sea on a single shift is cut from 72 hours to 24 hours.

Mr McCluskie said the new package meant that P&O employees would have to work an extra 28 days or 29 days of 24 hours each a year, without any increase in salaries.

David Churchill adds: The P&O holiday period got under way yesterday with airlines and package holiday companies reporting a record level of demand while tens of thousands of holidaymakers faced long delays or cancellations because of the Dover ferry dispute.

Seafarers' Families had been expected to transport some 100,000 holidaymakers over the weekend from Dover.

The bad news for ferry passengers, however, was good news for Sealink. The company had been expected to transport some 100,000 holidaymakers over the weekend from Dover.

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## Two Palestinians killed as Israel lifts restrictions

BY ANDREW WHITLEY IN JERUSALEM

TWO PALESTINIANS were killed yesterday and 19 others injured in the West Bank, a few hours after the lifting of three days of severe restrictions described by senior officials as a success.

Mr Yitzhak Rabin, the Israeli Defence Minister, said the temporary closure of the territories had been intended as a warning that harsher measures were in store if necessary.

These could come as soon as next week when the Palestinian underground leadership has called for three days of strikes and protests against the visit of Mr George Shultz, the US Secretary of State, for the next round of the US peace initiative.

Israel is nervous over the proliferation of ballistic missiles in the Middle East. Yesterday it warned its Arab neighbours against taking advantage of the uprising in the occupied territories to launch a surprise attack.

The warning, from Mr Rabin, was clearly aimed at Saudi Arabia which recently received Chinese missiles. It came on the eve of the long Passover holiday and reflected nervousness within the military establishment over the possibility of a repetition of the October 1973 war, when Syrian and Egyptian attacks on the Yom Kippur holiday.

Earlier this week, Mr Ariel Sharon, the former Defence Minister, predicted that the uprising could trigger another war.

"The central problem before us today is how to prevent the deteriorating situation from bringing us a surprise Arab war," he said on the state radio.

Mr Sharon, now Trade and Industry Minister, has been pressing hard for an all-out crackdown on the West Bank and Gaza Strip.

His arguments have repeatedly been turned down by the policy-making inner Cabinet. Israel's principal strategic concern is the threat of a missile attack on its cities, particularly using chemical warheads.

Mr Rabin told local newspapers that Israel's air force was capable of dropping a hundred tonnes of ordnance on Arab cities for every tonne deposited on Israel.

The latest flare-up in the West Bank took place in the village of Idna, near Hebron, a regular trouble spot. The army said troops were compelled to open fire when villagers hurled rocks and molotov cocktails at them soon after the ending of Friday prayers in the village mosque.

The two deaths brought the Palestinian death toll since early December to 128, 45 of them in the last month. Over the same period one Israeli soldier has been killed and two others seriously injured.

According to the army commander of the Gaza Strip 300 Palestinians were reported to be taken Monday night and Thursday, when the region was placed under a round-the-clock curfew, and all links with the outside world were cut.

## WEEKEND FT



### SADDEST NATIONS

Edward Mortimer finds a legacy of guilt, embarrassment and recrimination over Poland's Holocaust. Page I.

### FINANCE

US investment guru Warren Buffet gives his view of the markets. Page V.

### OLYMPICS

Michael Thompson-Noel reports on the Olympic city of Seoul and on the preparations for the Games. Pages VIII and XVIII.

### COLLECTING

The Warhol collection - in colour. Page IX.

### HOW TO SPEND IT

...on beautiful blooms. Page XV.

### BOOKS

Testing times on the Education Secretary's plans for reform. Page XIII.

## Sanctions in US trade bill

BY NANCY DUNNE IN WASHINGTON

A US House-Senate committee has included sanctions against Toshiba Corporation of Japan and Kongsberg Vapensfabrik of Norway in the US trade bill in retaliation for selling advanced technology to the Soviet Union.

The conference committee, formed to work on a compromise version of two bills approved by each of the chambers, dropped the contentious Gephardt Amendment, which would have been voted by President Ronald Reagan.

The amendment would have required action against countries running consistent trade surpluses with the US through unfair trade barriers. It was aimed at countries such as Japan, Taiwan and South Korea.

The conference also dropped a provision, sponsored by Congressman John Bryant, which would have required foreign investors to give more detailed statements on the extent of US holdings, repealed the final oil profits tax, and provided for a 50 per cent bonus in US grain export subsidies.

One provision, aimed chiefly at Japan, and approved in spite of US Treasury opposition, would prevent foreign companies serving as primary dealers in US government securities unless their governments permit US companies to compete equally with local firms in the foreign countries.

The outlook for the bill is uncertain. Mr Reagan may well veto the entire package. However, Congress, which has given in on so many amendments, may find enough support to override that veto. The legislation will not be ready for House vote until after the Easter recess.

Japan said yesterday it believed the proposal to punish Toshiba and a subsidiary would violate international trade agreements.

Mr Sosuke Uno, the Foreign Minister, said it was an action "the government of Japan cannot overlook." He added that the proposals failed to take account of Japan's enormous efforts to strengthen its export controls.

The original proposal penalised Toshiba Corporation from US government procurement contracts for three years and banned imports from its subsidiary, Toshiba Machine Company, for three years. The compromise saved most of Toshiba's \$2m-a-year US market.

Kongsberg will be unable to compete for Pentagon contracts for the next three years, and will lose its work on the Penguin "Tiger" anti-submarine missile for the US navy. There is, however, a waiver allowing Kongsberg to bid if the Pentagon deems it necessary for US security.

Kongsberg can continue to supply parts and sub-components for the F-16 fighter.

House members delayed consideration of the most controversial measure until three days after its author, Congressman Richard Gephardt, withdrew from the Democratic race for the presidency.

His amendment was replaced by a less onerous Senate plan giving the President considerable discretion but requiring more investigations of suspected unfair trade practices.

Most of the measures considered by the House were killed. However, the White House is displeased about provisions transferring some of the President's authority to decide on sanctions to his trade representative.

## Pound strengthens while \$ falls

BY SIMON HOLBERTON AND RALPH ATKINS

THE POUND continued to strengthen yesterday on those foreign exchange markets which were open following its sharp rise in Europe on Thursday.

The dollar, meanwhile, showed further signs of weakness.

In New York, sterling opened at \$1.889 and by lunchtime was trading at \$1.8905. Against the D-Mark, it reached DM3.1287 at lunchtime. Earlier in Tokyo it rose above DM3.13 at one point. New York trade was thin as dealers prepared for the Easter holidays.

On the last full day of European trading, sterling had gone sharply higher in spite of a "smoothing" operation by the Bank of England to slow the rise. By the close of trading it stood at DM3.125 and \$1.889, compared with DM3.1125 and \$1.87 on Wednesday.

The Bank of England's trade-weighted sterling index closed 0.4 points up at 78.1.

The dollar fell in Tokyo in spite of reports of Bank of Japan intervention and opened in New York at Y123.95 compared with Thursday's New York close of Y124.4.

The renewed dollar weakness coincided with US figures yesterday showing unemployment last month at 5.6 per cent, the lowest level for a decade. Another 260,000 jobs were created in March. Most, however, were in service industries.

In European trading on Thursday, the dollar had lost almost 1% and nearly one penny.

It closed at DM1.656 compared with DM1.664 on Wednesday and at Y124.1 compared with Y125.0.

London share prices also remained under pressure on Thursday, mainly because of fears about the impact of higher sterling on UK companies' exports to the Continent and US.

In addition, leading investing institutions do not seem prepared at present to commit funds to the market.

In quiet trading, the FT-SE 100 Share Index closed down 14.4 at 1,742.5; the FT Ordinary Index fell 11.4 to end at 1,386.7.

There is a general expectation that the pound could rise further in the week ahead, although the market remains cautious of what the Bank of England might do. The Bank's aim does not appear to be to stop the pound from rising but to slow it down.

The Bank intervened in New York on Wednesday after Mr Nigel Lawson, the Chancellor, had given evidence to the Commons Treasury and Civil Service Committee stressing the battle against inflation as the most important aim of macro-economic policy. His comments were interpreted as meaning that interest rates would remain at current levels for some time.

In the markets, there is a widespread belief that the pound would have to trade above DM3.15 before the Government would feel it necessary to lower base rates again.

US jobless falls, Page 2; Editorial comment, Page 6; World stock markets, Pages 10 and 11; Currency, Page 12; Stock Exchange report, Page 12; Lex, Back Page.

## Airbus Industrie president in favour of restructuring

BY MICHAEL DORR, AEROSPACE CORRESPONDENT

AIRBUS INDUSTRIE, the European airliner manufacturing group, would welcome restructuring to increase efficiency, Mr Jean Pierson, its president, said in Toulouse on Thursday.

He did not disagree with Professor Roland Smith, chairman of British Aerospace, who said in London earlier in the week that reorganisation was necessary.

"Mr Pierson, speaking at the first handover of an A-330 short-haul airliner to British Airways, said Airbus's structure had not changed since it was founded more than 15 years ago.

"Then we had nothing," he said. "Now we have won a big share of the world market, selling hundreds of aircraft, and we hope to sell thousands. That needs a different structure than that with which we began."

It would not be too difficult to alter the structure to improve financial accountability and tighten management control, he said, but this would probably mean changes in company legislation in the four partner countries: the UK, France, West Germany and Spain.

"But it needs a political push to achieve it. By themselves Airbus and its partner companies can do nothing. Airbus has to wait until the 'four wise men' now studying the problem have reported to their partner governments."

It would require a unanimous political decision to achieve the changes but he was cautious about what they would be because he felt there might be some difficulties with certain

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**Foreign & Colonial** FT/24/88

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# OVERSEAS NEWS

## Kohl pressed on sanctions for S Africa

BY DAVID MARSH IN BONN

WEST Germany's Chancellor Helmut Kohl looks likely to come under growing parliamentary pressure to decide limited sanctions against South Africa following a surge of domestic criticism against Pretoria's apartheid policies.

Opinion appears to be hardening within the liberal Free Democrats (FDP), the junior partner in the Bonn coalition, in favour of some form of action against South Africa. The FDP, the leading party of the Opposition Social Democratic Party (SPD) and the Greens ecology party could provide a parliamentary majority for sanctions, political observers believe.

The FDP's position may be strengthened by this week's murder in Paris of Ms Dulcie September, the African National Congress representative there. The ANC blames the killing on South Africa.

Government officials do not exclude a move by Bonn to impose some form of punitive measures, for instance a reduction in South African diplomatic staff in Bonn, in reaction to last

month's tightening of South African repression of anti-apartheid groups.

Since West Germany is traditionally South Africa's most influential political and economic supporter on the Continent, such a move would have a strong symbolic importance.

Some form of limited sanctions could be taken in collaboration with other EC countries, government officials suggest.

West Germany is currently president of the Community, which in February strongly condemned Pretoria's new ban of civil rights organisations.

Officials play down the possibility of any more drastic measures, such as a cut-off of Luftwaffe air links, or a notion particularly feared by South Africa - a ban on coal imports.

Mr Kohl, along with large sections of the dominant conservative parties in the Bonn coalition, has always opposed trade sanctions on the grounds that they would harm the black majority more than the Pretoria government.

## Hungarian party blamed for hindering reforms

By Judy Dempsey in Vienna

THE Hungarian authorities have blamed the ruling Communist Party for hindering reforms, slowing up the pace of economic developments and failing to respond to the crisis of confidence permeating Hungarian society.

In a rare public exercise of self-criticism published in Nepszabados, the Party daily, the central committee of the Hungarian Socialist Workers' Party said the party must regain the initiative in all fields of life and reassert its leadership role.

The central committee met to draw up a draft document for the national party conference in May.

The last conference was held in 1957, a year after Soviet tanks crushed the Hungarian uprising. The uprising led to the complete

dissolution of the party. Today, the Hungarian Communist Party, under the helm of Mr Janos Kadar, is facing its worst crisis since 1956.

As the draft document shows, the problem confronting the party is widespread pessimism and disappointment among Hungarians about the pace of the reforms.

Over the past two years, several senior Hungarian officials have argued that the economic reforms can go no further unless they are coupled with genuine political reforms.

These ideas have been rejected by the draft document. It says party members should not voice opinions differing in spirit from adopted resolutions.

## Bank of Italy lifts constraints on bank lending

By Alan Friedman in Milan

THE BANK of Italy yesterday lifted the restrictions on bank lending that are known as the *massimale* or *corset*. The credit constraints were introduced last September as part of a package of emergency measures to defend the lira.

The *corset*, which has come under fire from bankers who say it is an unwieldy and crude policy instrument, was supposed to have been phased out in 1984, but has been re-introduced three times since then. The Rome central bank has found it necessary to resort to the device rather than interest rate policy because the need to fund Italy's huge public sector debt stock makes any rise in interest rates instantly costly for the Treasury.

In place of the *corset* the central bank intends to use "moral suasion" to keep the growth of bank lending to an average of 8 per cent this year. The target for commercial banks will be between 7 and 7 1/2 per cent, while medium-term corporate finance institutions are to be allowed to increase lending by more than 8 per cent.

## Moscow heals rift with Italian Communists

BY JOHN WYLES IN ROME

THE extraordinary feting of an Italian Communist Party delegation to Moscow this week appears not only to have healed a deep six-year rift between the Soviet and Italian parties, but also to have marked a new political initiative by Mr Mikhail Gorbachev.

The Soviet leader spent six hours in talks with the Italian delegation on Tuesday, at the end of which it was agreed that the two parties would set up a working group on intra-European relations in which other "political forces" from the east and west of the continent would be encouraged to participate.

The Italians reported Mr Gorbachev as stressing the Soviet Union's European identity and emphasising that all "of the differences between individual countries and groups must be preserved."

"We are not watching integration in Western Europe in a purely critical way, we see it in all of its aspects. Our fears are tied only to the attempts to militarise this process, which will lead to a new spiral of rearmament," Mr Gorbachev is quoted as saying.

The Italian party's agreement

## Soviet strikers returning to work

By Leslie Collin in Moscow

A SENIOR Soviet official said that most of the striking workers in the Nagorno Karabakh region of Transcaucasia had returned to work yesterday and that their politically motivated strike - unprecedented in the Soviet Union - would be over by next Monday.

Mr Azatly Karapach, managing editor of Pravda, the Soviet Communist Party newspaper, said the majority of workers headed an appeal by local party officials and Armenian nationalists to go back to work.

"By Monday 100 per cent of workers will be back at their jobs," he said.

Western correspondents in Moscow were unable to visit or telephone the ethnically strife-torn region inhabited mainly by Armenians but governed by the Soviet republic of Azerbaijan.

Last month Nagorno Karabakh voted for reunification with Soviet Armenia, triggering riots in Azerbaijan and the murder of 32 people - 26 of them Armenians - on February 23 in the Azerbaijani city of Sumgait.

Mass protest demonstrations took place in the Armenian capital of Yerevan. Strikes in Nagorno Karabakh were called after the Soviet leadership last week rejected a demand by Armenians that Nagorno Karabakh be reunited with Armenia.

Soviet newspapers had reported as late as last Thursday that strikes continued in Stepanakert, capital of Nagorno Karabakh, and that only one fifth of the employees of one factory were working.

A report by the Soviet news agency Tass indicated that sympathy remained for reunification with Armenia even among Communist officials in Nagorno Karabakh.

Tass said that at a meeting of the Stepanakert party committee on March 30, the "majority of Communists" condemned the attempt to put pressure on the leadership in Moscow.

But each speaker was reported to have said that the Nagorno Karabakh problem had "not been resolved" and that this was stated in a unanimously adopted resolution.

## Shultz seeks peace breakthrough

BY ANDREW WHITLEY IN JERUSALEM

US Secretary of State George Shultz returns to Israel tomorrow for his third, and possibly final, effort to achieve a breakthrough on his much criticised peace initiative for the Middle East.

Over the following five days, he will once again shuttle doggedly between Jerusalem and neighbouring Arab capitals, trying to reach a consensus on the package of proposals presented to both sides four weeks ago.

He will also make a trip to Riyadh, to address himself to a complicating issue, that of the Chinese medium-range ballistic missiles recently acquired by the Saudis.

Israel's demands for their withdrawal, accompanied by blunt threats, has seriously strained relations between the US and its regional allies, and Mr Shultz must be anxious to solve the

problems quickly as possible. The original 10-day deadline for replies to the US peace proposals has long gone.

But, as US officials see it, at least no one has so far rejected the proposals outright. Possibly more accurately, some of the principal parties wish to incur the opprobrium of being the first to torpedo a peace ship slowly sinking of its own accord.

Jordan and Egypt may have given their qualified approval, but the chief protagonists are the right-wing in Israel and the Palestinians themselves - and there the omens are not good.

With battle still under way, neither side shows any recognition of the need to enter into serious negotiations, or make concessions at this time.

Prime Minister Yitzhak Shamir's own visit to Washing-

ton last month solved little. Only last week, the Israeli leader was complaining that Mr Shultz seemed more interested in tailoring his ideas to suit Jordan's concerns than those of his close ally.

Since Mr Shultz was last in Israel in early March, 45 Palestinians have been killed in the occupied territories, compared with 51 in the preceding three months; and feelings appear to be hardening on both sides.

An opinion poll published by a leading Israeli newspaper last week showed that only 49 per cent of the Israeli electorate support the general principles of the Shultz plan, while 43 were opposed.

An identical poll a month earlier had produced a marginally more favourable result: 51 per cent saying "yes" and 40 per cent "no".



Shultz's return to Israel

## 'Iraq chemical attacks' kill more Kurds

BY OUR MIDDLE EAST STAFF

ANOTHER 75 people have been killed and more than 100 injured in Iraqi chemical bomb attacks on Kurdish villages, Iran claimed yesterday.

The official Islamic Republic News Agency said that the air raids on the Gara Deh region in the north-east of Iraq, where Iranian Revolutionary Guards helped by Kurdish guerrillas have recently made territorial gains, occurred from March 21 to 22.

The agency quoted Kurdish fighters as saying that five villages had been hit in the mountainsous area from which Iraqi forces had withdrawn in the face of an Iranian offensive beginning in mid-March.

Iran's allegation follows the attack on Halabja just over a fortnight ago. Visiting Western correspondents last week reported seeing hundreds of bodies there unmarked by any conventional war wounds.

Iran has said 5,000 civilians were killed and a similar number

wounded in the attacks on Halabja and two other towns on March 16-17 in raids on the dissident Kurdish minority in the "liberated" area in the thrust towards Lake Berhambekhan.

Mr Ali Akbar Velayati, the Iranian Foreign Minister, said yesterday that the Iraqi Government was unlikely to change its policies despite international condemnation of reports of its use of chemical weapons.

UN chemical warfare experts have been sent to Iran to investigate the charges which Western diplomats say have undermined efforts at the Security Council to obtain agreement on an arms embargo against Iran.

IRNA also reported yesterday that Iran had fired two missiles at Kirkuk, Iraq's main oil producing centre.

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## Washington agrees on Contra aid

By Lionel Barber in Washington

PRESIDENT Ronald Reagan yesterday signed into law a Congressional bill providing for \$68m of humanitarian aid to the Nicaraguan Contras rebels.

The US aid package, containing food, medical supplies and other necessities, provides for funds to supervise the 60-day truce now in force between the Contras and the Sandinista government in Nicaragua.

The Senate voted overwhelmingly for the package on Thursday following a favourable vote in the House of Representatives.

Mr Jim Wright, the House speaker, who has been influential in promoting peace talks in Nicaragua, has agreed that the House will consider a new military aid request by President Reagan if the Sandinistas scuttle the peace talks.

## New pressure on Meese to quit

BY LIONEL BARBER IN WASHINGTON

THE FUTURE of Mr Ed Meese, the embattled US Attorney General, remained in doubt yesterday amid continuing pressure for him to resign over his legal difficulties.

The US Solicitor General, Mr Charles Fried, who reportedly tried but failed to persuade Mr Meese to resign this week, indicated that, for the moment, he would stay in his job, providing he could "live with" "effectiveness and integrity".

If Mr Fried, the fourth-ranking Justice Department official, had joined the protest resignations of two senior Justice Department colleagues this week, Mr Meese may have been asked to resign at least through the end of April.

Following widespread press reports that Mr Fried had urged Mr Meese to resign in a

face-to-face confrontation this week, the Solicitor General issued a public statement.

"I felt it was my duty to him and the department to tell him clearly what course of action I thought he should follow," he said without elaborating.

Mr Fried added that he would continue in his job as long as he could serve "with effectiveness and integrity", a hint that he might go in the near future if further revelations about Mr Meese came to light.

Mr Meese is the subject of two criminal investigations about his role in helping a scandal wracked New York defence business win Pentagon contracts, and in promoting an Iraq-Jordan pipeline within the Reagan administration.

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## Thailand given exports threat

BY NANCY DUNNE IN WASHINGTON

THE US Trade Representative, Mr Clayton Yentzer, yesterday announced a December 15 deadline for Thailand to improve its protection of intellectual property rights or face losing its right to export goods to the US duty free, he said.

The threat was contained in President Reagan's annual review of the duty free treatment the US gives developing countries under its Generalized System of Preferences (GSP).

## Reagan tightens up on Noriega

BY NANCY DUNNE IN WASHINGTON

PRESIDENT Reagan has ordered three new steps in a series of actions to tighten further the economic pressure on General Manuel Antonio Noriega, the Panamanian strongman.

The actions follow disclosure that some American companies have undercut US sanctions by paying taxes and fees owned to Panama for doing business there.

The actions include:

- Establishment of a special account in the Federal Reserve Bank of New York for US government payments due to the government of Panama. The account was set up at the request of ousted Panamanian President Delvalle.
- A promise of legal assistance by the US Justice Department for private parties who have debts to Panama. The Treasury is to help in establishing an account for the deposit of the funds.
- The Internal Revenue Service is to issue guidance to US taxpayers explaining how tax credits may be claimed for Panamanian income taxes paid into the New York Fed account.

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Mr Marlin Fitzwater, the President's spokesman, said the measures would give American companies and individuals an incentive and opportunity not to provide financial support to the Noriega regime.

"Should these measures prove insufficient, we will review additional legal steps that may be necessary to deny transfer of funds to the Noriega regime from US companies and persons," he said.

High on Mr Ozal's agenda during his three-day visit to Ankara is the security problems posed by Turkey's continued dependence for much of its imported crude needs on the twin Iraq export pipelines through Turkey.

These are Baghdad's main oil revenue lifelines, with a combined capacity of 1.5m barrels a day. But the pipelines and the oilfields supplying them in northern Iraq are under increasing threat from Iranian-backed Kurdish guerrilla forces, a proxy army over which Tehran's ultimate control or influence is debatable.

Ankara's anxiety has been heightened by reports that the pro-Iranian secessionist Kurdistan Patriotic Union (YPK) may be seeking to tie up with the Marxist Kurdish Workers Party (PKK), already engaged in a small-scale but violent struggle for independence in several of Turkey's south-east provinces.

The Turkish military yesterday said 17 terrorists had been killed in a clash at Nusaybin in Mardin province, with 12 casualties for the security forces. The figures Iraq has said it will focus on economic matters, including a cross-border railway link planned for several years without much progress.

## US jobless falls to lowest rate in decade

BY NANCY DUNNE IN WASHINGTON

THE US unemployment rate fell to 5.6 per cent in March, the lowest level this decade, from 5.7 per cent in February, Reuter reports from Washington.

The Labour Department said another 262,000 non-farm jobs were created last month, most of them in service industries, after a surge of \$17,000 in February.

The employment growth was stronger than expected and is likely to banish lingering speculation that the nation is headed

for a recession.

Economists had been forecasting no change in the jobless rate and an increase of about 200,000 in non-farm payroll jobs.

They had also expected a much steeper downward revision in the number of jobs created in February. The government originally reported a rise of 631,000 jobs in February.

In a separate report, the Commerce Department said construction spending fell \$1bn, or 0.3 per

cent, in February to an annual rate of \$291.5bn.

The decline, which contrasted with expectations of a 1 per cent increase, followed a drop of \$11.4bn, or 2.8 per cent, in January.

The jobs report is scrutinised by government policymakers and Wall Street analysts because it provides the first statistical glimpse of how the economy performed last month. The figures are also considered to be reliable.

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Paul Betts looks at a top bureaucrat's efforts to end turmoil at a ministry and promote French enterprise

## Paris takes a quiet approach to industrial reform

MR Jean-Francois Saglio's appointment six months ago as France's new director generale de l'industrie, the top civil servant job in the French industry ministry, went virtually unnoticed. And small wonder.

The former civil servant, who joined the Elf-Aquitaine oil group in 1981, was called in by Mr Alain Madelin, the industry minister, to perform a salvage job in a key department shaken by a year of turmoil.

It all started a year earlier with Mr Madelin's controversial decision to appoint Mr Jacques Matisson, the IBM executive (and the first Frenchman to join the US computer group's board) to the top industry ministry post.

Mr Matisson's appointment was designed to symbolise the changes in industrial policy advocated by Mr Madelin, a champion of the free market and a fierce opponent of traditional French dirigisme. He was the first manager from the private sector to take over the key civil service job in the industry ministry. But the experiment failed.

Mr Matisson, whose task was to launch a radical reorgan-

isation of the ministry, was never accepted by his troops. His lack of knowledge and experience of the tortuous world of the French administration proved his undoing. He threw in the towel, leaving his department in a state of disarray.

For the past six months, Mr Saglio has been quietly working to restore morale in this crucial department shaken not only by Mr Matisson's term but also by Mr Madelin's approach to industrial policy.

"The mistake was perhaps to try to do everything all at once. It takes time to change habits in the French administration and to launch a radical reform of a major government department," he remarked softly in his office.

Mr Madelin's idea was to transform the ministry into what he likes to call "the ministry of competitiveness." He also wanted to turn it into a management consultancy group to support French industry at large.

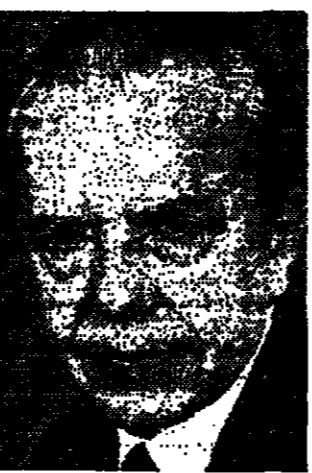
The ministry was restructured into vertical divisions responsible for specific sectors ranging from chemicals, machine tools, steel and cars to construction and

shipbuilding, with new horizontal divisions covering broader issues such as technology, standards, international competitiveness and taxation.

Coupled with this change in the workings of the administration, the emphasis of industrial policy was radically altered, explained Mr Saglio. "Since 1974, whatever the political colour of the government, state intervention - the blocking of industrial prices, state subsidies, and the concept of the "tiers" to promote development by the state of a specific industrial sector.

"Civil servants used to working in an interventionist system were clearly destabilised when the traditional approach suddenly changed and Mr Madelin decided to put an end to the old policy of state subsidies and of the tiers," Mr Saglio explained.

Mr Madelin set two priorities. The first was to end the financial haemorrhage for the state caused by troubled industrial sectors. The second was to create a new free market environment to help French enterprises become more



Matisson: an outsider not accepted by the troops

competitive.

The poor civil servant was faced with both a cultural revolution and a sweeping change in the traditional structures of the administration," Mr Saglio remarked, adding that before

1986 the government, directly or indirectly, pumped into industry between FF230m and FF400m a year.

The first objective appears to have succeeded. The restructuring of troubled industrial sectors, started in several cases under the previous left-wing government, has paid dividends.

The shipbuilding industry, which had cost the state about FF55bn-FF77bn a year, today receives only about FF1bn a year in state aid. The steel industry used to absorb between FF7bn and FF15bn a year in fresh money from the state.

"After restructuring, the operating losses of the steel industry last year totalled about FF400m-FF500m and the industry now concentrated in one group the size of US Steel or Nippon Steel will be operating in the black this year," said Mr Saglio.

The state Renault car group is operating profitably again, while the Bull computer group, which used to drain about FF1.5bn of state funds a year, is also in the black. "The same is true for the chemical industry, although the restructurings in the coal sector

are still costly. But at least we know where we are going now," Mr Saglio added.

The second target of creating a more favourable competitive environment for French enterprises has proved more difficult. The conservative government has sought to reduce the fiscal and social charges borne by enterprises at the same time as scrapping price controls and easing foreign exchange regulations, as well as giving companies greater flexibility in hiring and firing labour.

While direct state financial support for new investments has been reduced, the government has increased financial support for research and innovation.

But Mr Saglio acknowledges that the cost of money for small and medium-sized French enterprises remains too high, especially compared with neighbouring countries such as West Germany and the UK. The links between industry and research centres also remain relatively weak in France.

However, the sharp increase in France's industrial trade deficit is undoubtedly the most alarm-

## Ozal leaves on delicate visit to Baghdad

By Jim Sodgerner in Ankara

TURKEY'S Prime Minister Mr Turgut Ozal left for Baghdad yesterday to bolster the Turkish balancing act of studied neutrality between the two Gulf war combatants.

His mission has been made all the more delicate by the Iranian bombing of the Turkish border crossing into Iraq at Habur last weekend and by cautious Iranian advances in northern Iraq.

Mr Ozal would like to show in history as a peacemaker in the region. He has already partly achieved this - before his departure Iraq agreed to halt attacks in the "war of the cities" during his visit.

However, Tehran has demanded that two Iranian missiles landed on an Iraqi military base at Kirkuk yesterday morning, according to the Iranian News Agency. During Mr Ozal's trip to Tehran last month, Iraqi missiles fell near his hotel and his subsequent efforts to arrange a ceasefire were crushed by both Baghdad and Tehran.

However, the Habur bombing - which the Turkish Foreign Ministry would prefer to view as an isolated incident best forgotten - started a week of recriminations between Ankara and Tehran. Air-defences in the south-east have been placed on low-level alert.

Warnings by Mr Ozal that Turkey was prepared to retaliate against such incursions did not

Turkish security forces killed at least 20 Kurdish guerrillas in a day-long operation using helicopters near Nusaybin in the south-east Mardin province yesterday, writes Jim Sodgerner in Ankara.

The guerrillas are alleged to be from the Marxist Kurdish Workers Party (PKK). This year has seen the fiercest clashes with Kurdish guerrillas in the south-east since a concerted campaign was launched against them by the security forces in summer 1984.

tally with more cautious foreign ministry statements that Ankara's policy of "active neutrality" was still intact despite the bombing.

Even the involvement this might imply has aroused queries in the past from Tehran as to Turkey's true intentions. Before departing for Baghdad yesterday, Mr Ozal stressed that Turkey did not want to interfere in any way in the conflict.

High on Mr Ozal's agenda during his three-day visit to Ankara is the security problems posed by Turkey's continued dependence for much of its imported crude needs on the twin Iraq export pipelines through Turkey.

These are Baghdad's main oil revenue lifelines, with a combined capacity of 1.5m barrels a day. But the pipelines and the oilfields supplying them in northern Iraq are under increasing threat from Iranian-backed Kurdish guerrilla forces, a proxy army over which Tehran's ultimate control or influence is debatable.

Ankara's anxiety has been heightened by reports that the pro-Iranian secessionist Kurdistan Patriotic Union (YPK) may be seeking to tie up with the Marxist Kurdish Workers Party (PKK), already engaged in a small-scale but violent struggle for independence in several of Turkey's south-east provinces.

The Turkish military yesterday said 17 terrorists had been killed in a clash at Nusaybin in Mardin province, with 12 casualties for the security forces. The figures Iraq has said it will focus on economic matters, including a cross-border railway link planned for several years without much progress.

Not much in the way of expanded economic relations for Turkey is expected to result from the visit - Iraq is strapped for cash, and already owes Turkey about \$1.6m, which has been reached only once in 1984.

Iraq is due to pay out \$60m this year to service Turkish debts, Turkish Finance and Customs Minister Ahmet Altuntemcin said.

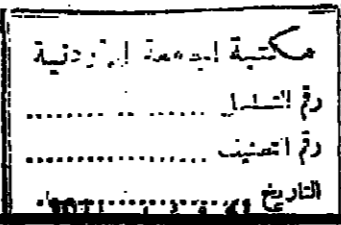
Turkish exports to Iraq in fact increased by 70 per cent in 1987 to \$945m from a nadir in recent years. Imports fell by around 30 per cent to total \$785m, reflecting the international fall in prices over the period.

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# Sikh terrorists gun down 34 in Punjab killings

By K.K. SHARMA IN NEW DELHI

THE wave of killings in the insurgency-torn Indian state of Punjab intensified yesterday when 34 people, including 18 members of a single family, were gunned down by Sikh terrorists. This brings the total number of killed this week to 117.

Most of the killings have been in Amritsar district, the site of the Golden Temple, the Sikhs' holiest shrine, and headquarters of the five high priests released from jail a month ago by the government.

The priests who sympathized with the extremists were released at a time when terrorist killings were escalating. The government hoped they would be able to begin a dialogue with the militants which would result in an end to the killings. So far the efforts of Sikh moderates have failed to bring peace to Punjab. The most senior of the high

priests, Jasbir Singh Bode, has made contact with the militant groups and also publicly stated that he is opposed to the terrorist killings, especially those of Sikhs, but his counsel has apparently not prevailed.

Instead, terrorist killings have suddenly increased and many observers feel that the government's "calculated risk" in releasing the high priests may have backfired.

Jasbir Bode has said that the militant groups he has contacted have denied they are responsible for the killings and that many of them claim that the government is behind the murders.

It is possible that other militant groups have been formed which are outside the control of the high priests and the five-member "panthic" (religious) committee masterminding the Sikh movement. If so, no early

end to the Punjab killings is in sight.

The authorities are now concerned that the terrorists are using highly sophisticated weapons. On Wednesday, terrorists attacked the house of a Sikh moderate with five rockets.

Since the beginning of this year, the terrorists have been killing both Sikhs and Hindus.

In recent weeks, most of those killed have been Sikhs and police suspect that the terrorists are hunting people they believe to be informers. Some of the murders are thought to be due to rivalry among the militant groups.

The government last month amended the constitution to give it powers to declare an emergency in Punjab. Since the situation has now deteriorated considerably, it is possible that emergency powers will be invoked.

# Enterprise draft law unveiled in Peking

By Lynne Curry in Peking

CHINA has unveiled a series of new bills designed to provide the legal framework for the next stage of its market-oriented reforms.

The main core of the draft legislation presented to the National People's Congress is aimed at giving factory managers in industrial enterprises greater authority in day-to-day decision making.

The draft, entitled the Industrial Enterprise Bill, spells out how managers are to be appointed, the power they will have, and provides a basis for when the Chinese call the factory director responsible for its performance.

This system is designed to make managers directly responsible for profits and losses.

The bill also defines the separation of ownership and managerial authority of enterprises, the rights of workers, and the relationship between enterprises and the government.

One Asian diplomat said: "This is striking out in a new area. There are long-term implications for China's production system. This will form the basis for economic activity extending well into the next century."

The legislation will apply to over 90,000 heavy industrial enterprises, such as steel mills, foundries, textile mills, and power generation plants, which are responsible for over 70 per cent of the country's gross industrial product.

The scope will not, however, include factories and enterprises in the commercial and financial sectors or private individual entrepreneurs.

The draft seeks to enable enterprises to consolidate production capabilities and ensure a more efficient use of resources in a country where supply and demand are often wildly out of balance, analysts said.

Although the state will still nominally own most enterprises, managers will have greater decision-making powers.

The factor director, who will be selected either by the government or the workers, "shall occupy the central position in the enterprise and assume overall responsibility for the enterprise."

An enterprise will also have the right to sell products after meeting its state quota, select the supplier, set prices and negotiate and sign contracts with foreigners.

While the draft attempts to minimize the role of the party in the work place, it will still "supervise the implementation of party and state policies."

The bill also provides a legal framework for how to deal with potential conflicts of interest in Chinese society, diplomats noted.

The most disputes are likely to arise on the shop floor between workers and managers.

The draft attempts to spell out the rights of both and establish collective decision-making bodies comprising management and workers.

In other legislation, delegates were also given a draft of a bill protecting the rights of Chinese foreign contractual joint ventures. This provides a legal basis for such projects which many foreign businessmen have complained are absent.

The bill states that foreign partners can serve as chairmen of the board and that joint ventures can make their own managerial decisions without interference.

It also provides that profits or funds received at the termination of the venture can be remitted out of China.

The other two constitutional amendments would give legal status and protection to the country's rapidly growing private sector and permit the transfer of land use rights.

# Pressure grows for inquiry into Gibraltar shooting

By Tom Lynch and Peter Riddell

OPPOSITION PRESSURE is increasing for a full inquiry into the shooting in Gibraltar a month ago of three IRA terrorists by British forces. This is in spite of the angry response by Mrs Margaret Thatcher and other Conservative MPs to the investigation of the incident by the Amnesty International, the human rights group.

Both Mr Gerald Kaufman, shadow Foreign Secretary, and Mr Kevin McNamara, Labour's Northern Ireland spokesman, have argued that existing explanations are inadequate.

However, Conservative MPs are united in backing Mrs Thatcher's dismissal of the Amnesty letter to her seeking clarification of what happened. She apparently regards the inquiry as "utterly disgraceful."

Officials made it clear yesterday that Mrs Thatcher was unlikely to give a personal reply to the request. The Government does not intend to co-operate with the Amnesty investigation.

Conservative criticism of Amnesty increased yesterday when Sir John Biggs-Davison, chairman of the Conservative backbench Northern Ireland committee, said Amnesty's interference in advance of the inquest was "prejudicially impertinent."

Sir John added: "Some of us who have been helpful to Amnesty in our constituencies, and further



Margaret Thatcher: called Amnesty inquiry 'disgraceful'

inquiry was "a stunt without status."

To cheer from her own backbenches, the Prime Minister told him: "I agree with almost every word you have put so ably in your question. I hope Amnesty has some concern for the more than 2,000 people murdered by the IRA since 1969." She insisted that the inquest was "the proper occasion for the matters in question to be examined."

Amnesty said it had received a number of angry telephone calls about the letter. "We can understand that people are upset, but we hope that, when the emotions die down, they will see that ensuring human rights are upheld is more important."

The inquest is not expected to take place before the end of next month and the Gibraltar Coroner has yet to notify the Government about its proposed conduct. Ministers are determined to ensure the security of the Special Air Service members involved in the shooting, so that evidence could be given in a secret session.

The Ministry of Defence said it had promised full co-operation with the coroner, and insisted that Sir Geoffrey Howe, the Foreign Secretary, was "historically clear" in a Commons statement that the terrorists had been challenged before being shot.

Edward Mortimer's comment, Page 7

affid, will now be thinking twice."

Amnesty's letter to the Prime Minister says: "There are a number of circumstances which suggest that the three were deliberately targeted by the security forces and killed without challenge."

The Prime Minister's anger surfaced during exchanges before the Commons rose for the Easter recess on Thursday, when Mr Ian Gow, the Tory backbencher, said the letter was "apparently on behalf of three terrorists mercifully now dead." An inquest was to take place before a jury in Gibraltar and the Amnesty

# Kinnock attacks benefits changes

By Tom Lynch

MR NEIL KINNOCK, the Leader of the Opposition, launched a strong attack on yesterday's changes to the benefits system when he faced Mrs Margaret Thatcher, the Prime Minister, in the last question time before the Easter recess.

He said many poor people would lose out in the Government's changes to housing benefit and rates relief.

He called the last day of the old system "the first Maundy Thursday in history where, instead of giving money to the poor, rulers are taking money from the poor."

Mrs Thatcher said the social security budget for this year was £45bn, with an extra £2bn allocated for next year, compared with £46bn in 1979, when Labour left office. The average family was paying £24 a week towards the system.

Structural changes had been made to direct money towards the disabled, families with children and those in low-paid work.

The changes would benefit 97 per cent of sick and disabled, 89 per cent of couples with children, 89 per cent of single parents, and 87 per cent of pensioners.

Mr Kinnock retorted: "You can talk about targeting as much as you like. If the targets missed include war widows, if the targets missed include people who are desperately sick, if the targets missed include hundreds of thousands of poor people, your targets are rubbish."

In her use of statistics, he said, the Prime Minister was making "the same stupid mistake" as she had in exchanges about the National Health Service.

He figures on those who benefited included those classed neither as gainers nor losers, but who would lose in real terms because their benefits had been frozen last year.

There were 5m people in poverty now, compared with 6m in 1979, Mr Kinnock declared.

There were also 700,000 pensioners who had "put a few bob away to help them in their old age" and who would lose all their help with housing costs.

Mrs Thatcher said the Labour leader was arguing that the system could never be restructured if anybody lost benefit as a result. War widows had galloped under her government by having their pensions released from tax.

# US Senate passes banking bill

By Janet Bush in Washington

THE US Senate has voted overwhelmingly to pass a radical bill which would phase out the separation between the banking and commerce embodied in the 1933 Glass-Steagall Act.

The bill, sponsored by the Senate Banking Committee, was passed by a majority of 94 to 2. It would allow commercial banks to own and operate securities affiliates, and securities companies to enter the banking business.

The sweeping proposals, introduced by Senator William Proxmire, chairman of the Senate Banking Committee and strongly backed by the US Treasury, were expected to be passed by a comfortable margin in the Senate.

However, the size of the vote in favour took even the most confident supporters of the bill by surprise. During the debate, there was clearly an overruling view among Senators that the bill should be given a unanimous consent as possible, despite many misgivings about some aspects of the proposed legislation.

The Senate wanted to send a strong signal as possible to the House of Representatives which has tabled its own, much more restrictive bill.

The Proxmire bill would give commercial banks immediate authority to underwrite commercial paper, municipal revenue bonds, mortgage-backed securities and securities backed by other assets.

Banks would be permitted to start underwriting corporate debt issues and mutual funds six months after enactment of the legislation.

The last, and most prized, power to underwrite corporate equities would depend on an expedited vote in Congress in 1991.

In contrast, the so-called "committee print" tabled by Mr Proxmire and Mr St Germain, chairman of the Senate Banking Committee, would only allow banks to underwrite commercial paper, municipal revenue bonds, mortgage-backed securities and securities

backed by consumer debt.

Any proposals on banking reform to emerge from the House Banking Committee would also have to be considered by the powerful House Energy and Commerce Committee chaired by Mr John Dingell who is also opposed to sweeping new powers for banks.

Although Mr St Germain and Mr Dingell have considerable power in their respective committees, there has been a great deal of opposition within the House to Mr St Germain's restrictive proposals.

There were signs last week that support was building gradually for an alternative House Banking Committee bill modelled on the Proxmire proposals.

Supporters of the Proxmire legislation expressed the hope last week that disarray in the House on these issues and the resulting vote in the Senate would tip the balance in favour of radical rather than limited reform as the lobbying continues.

# Bae 'likely to continue Metro'

By Ivor Owen

BRITISH Aerospace would be "foolish" not to build on the success achieved by the Metro when it takes over the Rover group, Mr Robert Atkins, Undersecretary for Trade and Industry, told the Commons on Thursday.

He reaffirmed that the Government would not impose constraints on the new management in an explanation of why he was unable to guarantee that the Metro would be continued.

However, Mr Atkins said he was sure the option of not continuing the Metro, which accounts for 40 per cent of Rover's sales, would not be pursued "too closely."

Cabinet members and Conservative backbenchers praised the acumen and political skills of Lord Young, the Trade and Industry Secretary, in negotiating the deal with Bae. However, Labour leaders called for a full-scale debate later this month to enable them to pursue their charge that the Government has failed to protect the interests of the taxpayer.

They see the terms agreed with

Bae, which will enable it to secure its acquisition for £150m after it has received an injection of £800m in state aid, as the equivalent of making a gift-wrapped present of the state-owned automotive concern.

Before the Commons adjourned for the Easter recess, more than 30 Labour MPs signed a parliamentary motion claiming that Bae was effectively being paid £550m to take over the sole remaining British volume carmaker with assets valued at more than £700m and an improving financial position.

They called for a full inquiry into "this bizarre deal," and into the position of Mr Norman Tebbit, MP for Chingford and former Cabinet minister and Conservative Party chairman, who had advised to the chair of British Aerospace in the conduct of negotiations.

The deal was described in sharply contrasting terms by Mr Hal Miller, Tory MP for Bromsgrove, who is chairman of the House of Commons industry group, when he told the Commons that Bae was a "political and commercial coup."

He was backed by Mr Roger King, Tory MP for Birmingham Northfield - Rover's Longbridge plant straddles their two constituencies - in stressing the importance of ensuring that plans for a Metro replacement were carried through.

Mr Miller questioned the reason for the undertaking secured by the Government that Bae would be a wholly owned subsidiary of either Austin Rover or Land Rover within five years.

He said: "If there is any indication that Honda may not wish to proceed, other than on a model-by-model basis, and may have long-term plans for producing independently on its own, why, oh why, impose the condition that within five years Bae should not divest itself of the cars division?"

Mr King recalled that only two years ago a management buy-out of Land Rover for about £260m had been under discussion at a time when the company was still in the red. This gave some indication of the "substantial bargain" Bae had obtained, he said.

# Alcohol sales at garages banned

By Ivor Owen

PEERS imposed a ban on the sale of alcohol by garages and service stations on Thursday, defeating the Government.

An all-party amendment to the Licensing Bill authorising the ban was carried by a House of Lords majority of 18 (45-27).

Earl Ferrers, Home Office Minister, said only 150 licences had been granted to garages, mainly in rural areas, and that no problems had come to light. "There is no evidence that where alcohol is sold at garages it encourages people to drink and drive," he said.

However, Viscount Brentford (Conservative) was joined by Baroness Ewart-Biggs (Labour) in arguing that the sale of alcohol at garages conflicted with the Don't Drink and Drive campaign.

The Government accepted an amendment to allow grocery stores to sell alcohol from 8 am instead of 8.30 am, in response to representations by retailers.

# EC asks Japan to clarify US contract terms

By Tom Lynch

THE European Commission is asking the Japanese Government for clarification of the advantages being offered to US contractors, a European Community official said yesterday. William Dawkins reports from Brussels.

While the Brussels authorities have only outline details of the measures, the EC would find any trade discrimination unacceptable, the official said.

The EC has been pressing for more open procurement procedures and competition for large public infrastructure projects in Japan, as a result of which Tokyo has promised not to discriminate against Community contractors.

The EC intended to ensure Japan keeps to that promise, the official added. While the Commission welcomed that a French company had won a recent design contract for the new Kansai airport, this was not enough to mollify Brussels.

# Taiwan sets general free after 33 years' arrest

By Bob King in Taipei

A HIGHLY-DECORATED general has been cleared in Taiwan of treason charges and been freed after 33 years of house arrest following the release of a 1955 Government report by the Control Yuan, an executive branch of government.

The move to re-open the case of General Sun Li-jen, who headed Nationalist Chinese forces during the Burma Campaign against the Japanese in World War II and who became known as the "invincible general" for his exploits, could pave the way for re-examination of others convicted on sedition charges over the past 40 years.

General Sun and a subordinate, Major Kuo Ting-lang, were convicted in 1955 of planning a coup d'etat against the government of Chiang Kai-shek. Mr Sun was implicated on the testimony of Mr Kuo, who in recent weeks has repudiated his confession, saying it was given under coercion.

The Control Yuan, one of the

five major branches of government under the constitution, is charged with keeping an eye on the doings of the other branches and investigating possible abuses of power and corruption.

Yuan members who formed part of the original five-man investigative team into the 1955 affair now say that pressure from "other levels" of government prevented the release of their report, which exonerates Mr Sun and Mr Kuo of sedition.

Instead, they say, the findings of a government-appointed team, plus testimony from unidentified informants, was used to convict the two.

One former soldier who served under Mr Sun suggested he may have been "set up" because his popularity may have been perceived as a threat to the pre-eminence of Chiang Kai-shek.

A new investigation would help clear the names of other officers implicated in the alleged plot, Mr Sun said.

# Richard Gourlay watches a re-enactment of the Crucifixion

By Tom Lynch

# Philippines Good Friday has no gimmicks but a lot of show

By Tom Lynch

FOR THE past 12 years, Lucie Reyes' hands and feet have been nailed to a cross on Good Friday in a devout, if gruesome, re-enactment of the crucifixion of Jesus Christ.

The capacity crowd event in a normally sleepy rice-growing village outside Manila has no gimmicks but lots of show. The attending "Roman soldiers" sporting brilliant red tunics and spears his sharpened four-inch nails more than a dozen times to secure Lucie to her cross.

Throughout the deeply Roman Catholic Philippines during the Lenten period, similar displays of penitence (penitencia) take place that seem equally gruesome to the outsider.

Whether it is the flagellantes whipping their backs into a bloody pulp while they drag a cross through town to their Golgotha or a barefoot march behind a Crucifix, Filipinos probably manifest their faith more openly than Roman Catholics anywhere else in the world.

To some in the church, including Manila's outspoken Cardinal Jaime Sin, some of this excess is embarrassing - particularly when, as happened yesterday, among those crucified was a young boy.

But for others, the vivid re-enactment of the Passion (Passion plays) in which no-one is actually allowed to die - is founded on the original Filipino *indios'* desire to identify better with a religion thrust on them by Spanish conquistadores more than 450



Cardinal Sin: embarrassed years ago.

The Philippines took the plays and in a characteristically exuberant fashion, transformed them. What they lacked in splendour, compared to the lavish social events put on by the Spaniards, they more than made up for with their literal productions.

To those *indios*, it must have been a strange religion. The Spanish arrived with an edict from God - via Pope Alexander VI - that their lands had been given to Portugal and Spain and that anyone who opposed them would be killed as agents of Satan.

They were also asked to identify the body and blood of Christ with bread and wine - commodities they rarely saw - where rice and *bucco* juice (coconut milk) might have been more appropriate symbols.

The *indios'* own gods did not

disappear however, and today still lend Filipino Catholicism some of its unusual flavour.

Among the images brought by the early Spanish settlers, for example, was the Christ Child - a golden infant, ivory skinned by whom the warm child-loving *indios* immediately adopted.

Soon he was being domesticated and integrated with the animistic gods, the *Anitos* who looked after rain, sun, harvests and fertility. As a result, the *Santo Niño* (Christ Child) was fully absorbed but not in the form initially intended.

There are still over 50 icons of the Virgin Mary and the Santo Niño that are reputed to perform miracles such as chasing away locusts, drought and pestilence. When President Marcos sent troops to put down the revolution that toppled him in 1986, women held out statues of the *Santo Niño* in front of the tanks for protection.

On top of the myth and folk Catholicism, Filipinos have taken on board more than a touch of superstition. At Lucie Reyes' ordeal on her cross it was not far away.

Peering through the clouds of incense at the buxom and thoroughly unfringed Lucie, a devout believer turned and said: "You know, once they take the nails out, there are no marks in her hands and feet and no scars."

Did she think crucifying Lucie was a good thing? "It's a festival," she said, "but I think it might be the work of the Devil."

# Japan's current account surplus falls to \$6.85bn

By Tom Lynch

JAPAN'S unadjusted current surplus fell to \$6.85bn (\$2.7bn) in February from a surplus of \$7.65bn a year earlier but rose from a \$3.55bn surplus the previous month, according to Finance Ministry figures, Reuters reports from Tokyo.

The unadjusted trade balance dropped to a \$7.44bn surplus in February from a \$3.26bn surplus a year ago but gained from a \$4.5bn surplus in January.

On a seasonally adjusted basis, the current account in February showed a \$7.85bn surplus against one of \$4.05bn in January, while trade was \$8.45bn against \$3.10bn the previous month.

Unadjusted exports rose 17.9 per cent to \$19.57bn in February from \$16.55bn a year earlier, while imports surged 45.1 per cent to \$12.45bn from \$8.56bn.

# Raymond Snoddy on the monopolies inquiry into recording copyright Fresh hearing for broadcasters' tune

By Tom Lynch

MENTION THE initials PPL to Mr James Gordon, managing director of Radio Clyde, the Glasgow radio station, and he slides quickly into a well-worn groove.

In a matter of seconds, one of Britain's senior commercial broadcasters will have accused PPL of everything from abuse of monopoly power, overcharging broadcasters and, until very recently, artificially restricting the hours of music that can be broadcast each day in Britain, something that is known in the trade as "needletime."

PPL Phonographic Performance Ltd, a body set up more than 50 years ago which now represents the copyright interests of about 750 record companies, large and very small. In 1966, the last year for which figures are available, the organisation collected just under £12m from commercial radio stations, the BBC and those like club owners who play records in public.

Lord Young, Trade and Industry Secretary, announced this week that the body is to be investigated by the Monopolies and Mergers Commission to see whether all its practices are in the public interest.

The inquiry will focus closely on the collective licensing of public performance and broadcasting rights in sound recordings and will not directly touch other copyright fees, such as those collected for individual composers

by a separate organisation, the Performing Right Society.

The commission has been asked to look in particular at PPL's charging of a common tariff for all records and the institution of needletime.

For years, Mr Gordon, who is chairman of the copyright committee of the Association of Independent Radio Contractors, has been arguing that British broadcasters have to pay too much to the record companies for the right to broadcast recordings, mostly commercial music, compared with other countries.

Radio Clyde pays PPL about £20,000 a year out of an AIRC total of about £3m based on a formula of 4 per cent of advertising revenue up to £1.5m and 7 per cent thereafter for up to nine hours a day of playing time. The BBC pays more than £5m a year for all its radio and television outlets both in the UK and overseas.

The US does not recognise a separate broadcast copyright for record manufacturers, and radio stations simply play records "for free." Countries such as Belgium, Netherlands and Portugal offer no protection, although voluntary payments are made.

France, Italy and Denmark adopt the "first fixation" principle, under which copyright fees are only paid in the country where the record is first fixed or published unless there are reciprocal arrangements with other

countries. This is backed by a system of "equitable remuneration" for the record companies.

Britain is one of a small number of signatories to the Rome convention on the subject that go further and offer full protection to record companies through the "first publication" system.

This means that if first publication of a record in the UK is within 30 days of original publication in another country, it enjoys full protection even though, as with the US, there is no reciprocity.

The arguments between AIRC and PPL on the scale of broadcasting copyright payments go back almost to the origins of commercial radio in the UK. They included a lengthy appeal to the Performing Right Tribunal, the adjudication body, in 1980 which rejected the AIRC case that only a nominal broadcasting copyright be paid.

Broadcasters have now been given a sympathetic ear in Whitehall not only because of the general policy stance in favour of competition and distrust of all monopolies, but also because of Government plans a large expansion of commercial radio in the UK that will include three new national commercial channels.

Mr Gordon is pushing for a combination of first fixation backed by equitable remuneration which would also remove restrictions on needletime.

The BBC is likely to push for

lower charges and an end of needletime restrictions.

Mr John Brooks, chairman of PPL, says he welcomes the MMC inquiry because it will give him a proper chance to explain the contribution the organisation makes to the health of the British record industry.

"When all the facts are clear it will be seen we have a valuable place in the industry," said Mr Brooks, who points out he is already negotiating extra needletime based on a sliding scale of payments.

Mr John Morton, general secretary of the 40,000-strong Musicians' Union, is surprised at the Government action following as he sees it, the exonerated of the existing system by the 1980 official tribunal.

"Why should one commercial industry - commercial radio - get the products of another commercial industry - the record industry - at favourable or concessionary rates?" asks Mr Morton.

The Government is only convinced of one thing so far that the issue is very complicated. That is why an inquiry was called for rather than an amendment prepared to the Copyright Bill now going through parliament.

If the Government decides on change, the necessary clauses will be included in one of the two broadcasting bills planned before 1988.



UK NEWS

SIB presses for link with foreign regulatory bodies

BY CLIVE WOLMAN

THE SECURITIES and Investments Board, the umbrella body for the City's self-regulatory system, is attempting to set up the first international network of bilateral agreements between supervisors of investment and securities firms.

Surge in nickel cost will raise price of alloy steel

BY NICK GARRETT

CONSUMERS of alloy steel are bracing themselves for substantial price increases as a result of a sharp rise in the cost of nickel.

In the series on investor protection, Nick Bunker looks at the problems facing Fimbra Investment watchdog shows fighting spirit



Ray O'Brien faces huge association job

HALF-WAY BETWEEN Houndsditch and Bishopsgate in London, Mr Ray O'Brien sits on the fifth floor of a building in Cannon Street and tackles one of the City's hardest tasks.

spilled over into two more buildings in London EC3. Mr O'Brien says: "You can't overstate the difficulties caused by operating in three locations."

O'Brien stresses that in law it is now up to the SIB to devise ways of solving the problem.

BT may lose monopoly on equipment approval

BRITISH TELECOM looks set to lose another part of its monopoly hold on the telecommunications industry.

Supervision executive for Bank of England picked

BY DAVID LASCELLES, BANKING EDITOR

MR BRIAN QUINN is to be the Bank of England's new executive director in charge of banking supervision.

Coopers backed over bid advice

By Richard Waters

COOPERS & LYBRAND, the accountancy firm, has won an appeal against a criticism of lack of objectivity over its involvement in a takeover bid.

CBI warns employers on pension mortgage schemes

BY ERIC SHORT, PENSIONS CORRESPONDENT

EMPLOYERS who become too closely involved in the pension mortgage arrangements of their employees risk losing the tax-approved status of their company pension schemes.

London house prices' rate of increase 'slows down'

BY ANDREW TAYLOR

HOUSE PRICES are continuing to rise rapidly, but in London the rate of increase has slowed considerably, according to a survey by Leeds Permanent Building Society.

Growth at Griffin Factors

BY RICHARD WATERS

GRIFFIN FACTORS, the subsidiary of Midland Bank, reported a 30 per cent growth in turnover last year, taking it to £1,050m.

Paints factory to close with loss of 200 jobs

By Nick Garrett

WILLIAMS HOLDINGS is closing the former Berger paints plant in Bristol with the loss of 200 jobs and transferring production to factories in the north of England.

Civil servants relocated

By Richard Evans

FOUR-FIFTHS of the Civil Service is located outside Greater London following a concerted campaign by the Government to obtain better value for money.

Capital gains tax

BARCLAYSHARE points out that, because of a typographical error, the valuation figure for General Accident shares on April 15 this year was incorrectly given in the table (the effects of capital gains tax legislation on £1,000 invested on 6/4/85) reproduced in the March 30 issue of the Financial Times.

Kevin Brown foresees a painful transition as railway managers switch to a business driven by competitive pressures

InterCity is left standing alone after 40 years of subsidies

THE GOVERNMENT'S grip on British Rail's financial jugular tightened significantly yesterday with the withdrawal of subsidies from InterCity services.

by removing as much of the railway network as possible from the grant system.

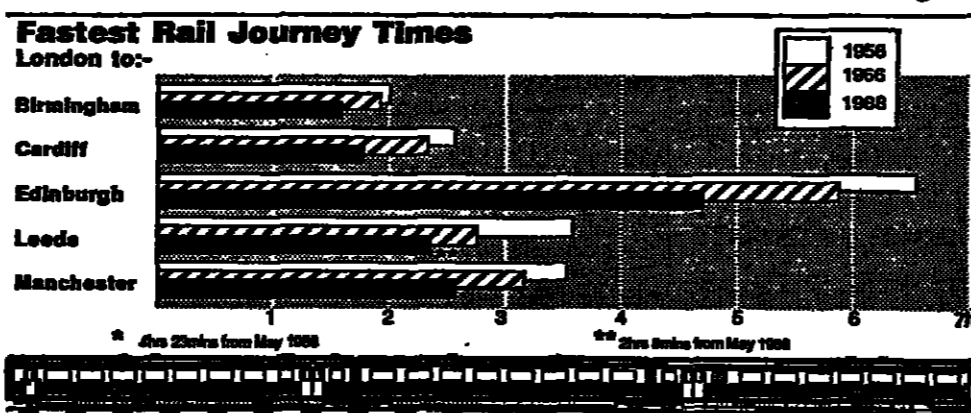
Three of BR's five business sectors, InterCity, freight and parcels, are now in the commercial sector.

Mr John Prideaux, director of InterCity, says he is more bullish than the Board and optimistic that the Government target, at least, can be met.

Mr John Prideaux, director of InterCity, says he is more bullish than the Board and optimistic that the Government target, at least, can be met.

Further 18,000 over the next five years, especially in light of a recent increase in merger bids from Network SouthEast.

Mr Prideaux has one very positive trend in his favour as it enters its commercial existence.



1987 corporate plan forecasts a loss of £22m for 1989-90, with profits not flowing through until two years later.

Mr Prideaux says unit costs can be cut significantly through better timetabling and faster maintenance of track and rolling stock.

What is clear, however, is that the sector's future financial performance will depend at least as much on continued economic recovery as on its ability to cut costs.



# Personnel managers urge delay of Employment Bill

BY PHILIP BASSETT, LABOUR EDITOR

PERSONNEL managers will urge the Government to delay implementing the Employment Bill to allow itself time to prepare explanatory notes on what managers say is in part an almost incomprehensible piece of legislation.

Employment ministers will be told at a meeting in the next few weeks that personnel practitioners find the bill, now before parliament, hard to understand and likely to be of little practical relevance.

Sir Pat Lowry, president of the Institute of Personnel Managers, will lead an institute team which will suggest that once the bill is given Royal Assent in the summer, ministers should delay its implementation.

Sir Pat, former chairman of Acas, the conciliation service,

will argue that the Government should then use this time to prepare a series of papers, for wide distribution, to explain the bill's complexities.

The institute has reservations about a large number of the bill's provisions, including a controversial clause preventing unions from disciplining members who break even legal strikes.

The institute is particularly concerned about a section on plant-by-plant bargaining.

It says this section is almost incomprehensible and that it is unclear what the Government intends by it.

The institute also says there is little evidence to support the Government's contention that legislation on this point is necessary to stop unions manipulating ballots to give pro-strike results.

The institute will claim in its meeting with employment ministers that the only evidence available shows that current arrangements favour employers.

In spite of such protests, the Government locks itself to proceed with the clause, which institute leaders say is not only opposed by the unions, but by leading employers and by employers' organisations.

The institute has protested to the Government about Department of Employment television advertisements encouraging employers to offer jobs to the long-term unemployed.

It says many of its members have complained that these advertisements suggest personnel managers may be standing in the way of the unemployed obtaining work.

# Fears over police pay negotiations

By Our Labour Staff

THE POLICE Federation said yesterday that it feared the Government would press in negotiations later this year to break the link between police pay and average earnings.

The federation, which has attacked separate proposals to restructure police pay and abolish some allowances, said the Home Office had asked for a survey to be made of pay settlements before talks start in June.

It believed the Government, which this week made a 4 per cent pay offer to 350,000 civil servants, would like to break the 10-year-old formula linking police pay to the underlying increase in earnings.

Police pay is decided by the Police Board with the help of the formula, which is expected to give officers a rise of more than 8 per cent this year.

# Unions attack Civil Service work study

BY JOHN GAPPER, LABOUR STAFF

A CABINET Office study suggesting the Civil Service should introduce alternative working patterns based on the private sector has been dismissed as "poorly researched and confused" by Whitehall unions.

In a stinging attack on the study, the unions said it was based on the spread of flexible and part-time contracts, the unions have drawn for the first time on recent academic controversy over employment trends.

The official response to the report by the Council of Civil Service Unions (CCSU) says that in its "assertion replaces reasoned argument (and) controversial issues are presented as though a consensus exists."

The response paper argues that there would be "potentially catastrophic" results for the Civil Service if it adopted the report's recommendations because they are based on a one-sided view of how the private sector operates.

The controversial report, prepared by the Management and Personnel Office, suggested 10 steps as the "first movers" towards improving the organisation of Civil Service working time.

However, the CCSU response condemns it for being implicitly based on the concept of the "flexible firm" developed by the Institute of Manpower Studies (IMS), a model recently under attack from other academics.

It says that the report "deals with the issue of flexibility almost entirely from the point of view of the employer" rather than trying to fit alternative working patterns to the needs of staff.

In particular, it calls for the Treasury to negotiate on union claims for parental and maternity leave, flexible working hours for existing employees, and shift and night disturbance allowances.

It argues that the decline in the number of school-leavers into the 1980s presents recruitment problems, which it is "laughable" to suggest the Civil Service will be able to deal with "by offering various forms of insecure employment."

The IMS model was most recently criticised in a Warwick University study published in January which criticised it as resting on "an uncertain basis of confused assumptions and unsatisfactory evidence."

# Sun Life Global Management

THE SUN LIFE GROUP has made the following appointments to the board of its new investment management subsidiary, Sun Life Global Management, based in the Isle of Man: Mr G. Harrison-Dees, managing director of Sun Life Trust Management, becomes chairman; Mr C.F. Williams, the group's general manager (business development), and Mr G. Cox, group economist, become directors. Directors resident in the Isle of Man are: Mr R.E. Betroy, Mr P.M. Saunders, Mr K.M. Bell, and Mr H.C. Arnold. Mr Harrison-Dees also becomes chairman of Sun Life Global Portfolio, a new company based in Luxembourg. Directors include Mr J.D. Webster, a director of the group and its general manager (investment), and Mr W.E. Richards, also an executive director of Sun Life Investment Management Services. Additional directors are Mr R. Frising and Mr C. Arenal of the Banque Generale du Luxembourg; Mr Betroy and Mr D.W.E. Smith.

COMAC GROUP has appointed Mr Martin Ryan as group financial director. He was financial controller.

Captain Frank Dell has become master of the GUILD OF AIR PILOTS AND AIR NAVIGATORS.

Following the acquisition of HADLEY CANNON (HOLDINGS) by Duke Insurance Holdings, Mr Peter Eddeell has been appointed chairman; Mr Charles A. Henegge, managing director; Mr David J. Carrington, finance director; and Mr Francis A. Mathew and Mr Ian D. Hargreaves, directors.

THE BRENT WALKER GROUP has appointed Mr George C. Kieffer as divisional director, Brent Walker Leisure Division (Essex). He was international corporate banking director at Standard Chartered Bank.

Royal Life in London. Mr Gough was assistant general manager. The company is based in the Isle of Man.

ASSET MANAGERS has appointed Mr Paul Tarran as financial director and Mr Colin Emerson as administrative director. Asset Unit Trust Managers has appointed Mr Terence James Young as a director.

Mr Ian Brimstone has joined the financial institutions group of SALOMON BROTHERS INTERNATIONAL as head of European insurance. He was with Bankers Trust International.

Mr Peter Henwood has been appointed as a non-executive director of LONDON & METROPOLITAN from June 15. He is head of property investment at Standard Life.

LONDON & EDINBURGH TRUST has reorganised its board. Mr John Beckwith remains chairman. Mr Peter Beckwith becomes deputy chairman. Mr Stuart McDonald remains joint managing director with special responsibility for finance. Mr Nicholas Sheehan becomes joint managing director with special responsibility for property. Mr John Gunn has resigned from the board. He is chairman of British & Commonwealth Holdings. Mr Rob Rankin, formerly chief executive of the Balfour Beatty Group and a former director of BICC, joins the board as a non-executive director.

Mr Derek Loud, sales director of AVON COSMETICS, Northampton, has been promoted to deputy managing director, Avon Australia. He will be based in Sydney from June. Mr Peter Nicholls, joins the company as sales director on April 11 from L'Oréal.

THE EQUITABLE LIFE ASSURANCE SOCIETY has appointed Mr Neil Crighton as group pensions marketing manager. He was a senior adviser in the City office.

# Chartered Trust chairman

Sir Idwal Pugh, chairman of CHARTERED TRUST, retires on April 28 and is succeeded by Mr Ian Paterson, senior general manager in charge of UK banking at Standard Chartered Bank. Mr John Hoddell retires as managing director of Chartered Trust on his appointment as chairman of the Finance Houses Association, and becomes deputy chairman of the trust. He is succeeded as managing director by Mr Tony Webb, deputy managing director.

Ms Michelle Barber has been appointed a director of LEGAL & GENERAL INVESTMENTS with specific responsibility for unit trusts & unit linked funds. She moved on April 1 from her post as Legal & General's senior manager of Pacific Basin funds.

COMMERCIAL UNION ASSURANCE CO. has appointed Mr D.L.W. Reynolds as a UK divisional director from May 1. He is a consultant actuary with Tillinghurst, a Towers Perrin company.

Mr Craig W. Abbott has been appointed an executive director and chief operating officer of SWISS BANKING CORPORATION INVESTMENT BANKING, with responsibility for information technology, operations, financial control and administration. He joins from First Chicago, London.

Mr R.A. Hunter has been appointed chairman and Mr R.G. Brookes managing director of COLUMBIAN CHEMICALS carbon black operation at Avonmouth.

Mr John Whitehead has been appointed finance director of A. QUILGOTT & CO., Stockport. He joins from the Hawker Siddeley Group.

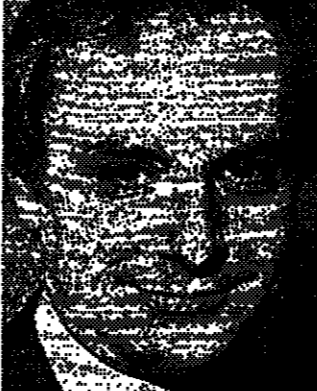
CRUSADER INSURANCE, a wholly-owned subsidiary of appointed Mr Reg Ward as managing director. He recently retired as chief executive of the London Docklands Development Corporation.

Coopers & Lybrand where he was a managing consultant, financial services division.

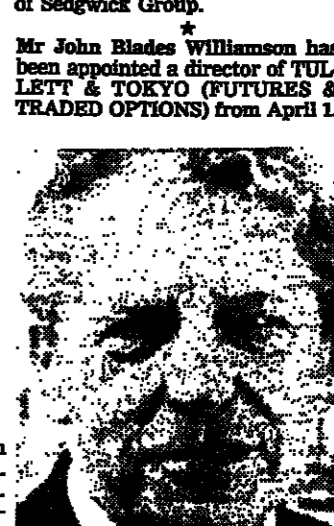
HOSKINSONS HOLIDAYS, Lowestoft, has appointed Mr Ken Garland as deputy managing director from April 5. He was financial director.

Mr Henrik Sjöberg has been appointed deputy chairman of E.W. PAYNE (SCANDINAVIA), Stockholm. Associated with the insurance industry for more than 40 years, he was managing director of Sirius Insurance Co., and chief executive of Sirius Group from 1973-86. He has been chairman of the Nordic pool of Aviation Insurance, of the Swedish Atomic Insurance Pool and of the Swedish Aviation Insurance Pool. He has also been a member of the board of the Nordic Pool of Marine Insurers. Mr Michael Howard, a director of E.W. Payne Companies, has also joined the board, which is a member of the E.W. Payne Group, a subsidiary of Sedgwick Group.

Unions representing 225,000 hospital auxiliary workers have rejected a 4.8 per cent pay offer. Talks with the Department of Health and Social Security broke down this week and are expected to resume next month. The unions are claiming a flat-rate weekly increase of £14.82.



Mr Robert McDonald has been appointed a director of TRY PROPERTY, part of the Try Group. He was south east development director with Rosh and Tompkins.



Mr John Blades Williamson has been appointed a director of TILLET & TOKYO (FUTURES & TRADED OPTIONS) from April 1.

### THE F.T. CENTENARY TRIPLE MARATHON CHALLENGE

(London Paris New York) IN AID OF THE SICK CHILDRENS TRUST

Two employees from the Financial Times will be running the London, Paris and New York marathons this year to raise money for The Sick Children's Trust.

This charitable trust provides desperately needed accommodation for parents of children undergoing long-term specialist treatment at Great Ormond Street and St Bartholomew's Hospitals. The accommodation is currently in very short supply and is urgently required to house parents to comfort their children while they are away from home.

To sponsor the FT athletes please contact:-  
Tim Kingham or Cliff Crofts on 01-248 8080 or write to them at:-  
Financial Times, Bracken House, 10, Cannon Street, London, EC4A 3DF.

THE SPONSOR WHO DONATES THE HIGHEST CONTRIBUTION WILL RECEIVE A CASE OF LAURENT-CHARRIER FT CENTENARY PINK CHAMPAGNE.

### Equity may compromise on TV fees

By John Gapper

EQUITY, the actors' union, is halting its members on whether to abandon the system of fees for repeat and overseas showings of television and film dramas criticised this week by Mr Michael Checkland, BBC director general.

The union described Mr Checkland's criticisms as "absurd" and said it welcomed the Monopolies and Mergers Commission inquiry into labour practices in the television and film industries, which is expected to examine the "retailers" system.

Mr Peter Flouvier, Equity general secretary, said the union was prepared to release the BBC from the obligation to obtain individual actors' permission for programmes to be shown on Super Channel, the European satellite channel.

The union is already holding talks with the ITV Association and the British Film and Television Producers' Association over repeat fees and is recommending its members to vote in favour of their retention.

However, it has indicated it may be prepared to move from residuals - under which a programme has a minimum price attached to it by the commitment to pay each actor a proportion of the original fee - to a new system.

Under this, actors would be entitled to a fixed proportion of whatever price a programme was sold for. Mr Checkland said earlier this week that he wanted to move to such an agreement to help unlock archive film material for sale in new markets.

### GRANVILLE SPONSORED SECURITIES

High	Low	Company	Price	Change	div 60	%	P/E
206	133	Ans. Brit. Ind. Ordinary	195ad	0	8.9	4.6	7.3
207	145	Ans. Brit. Ind. OILS	196ad	-1	10.0	5.1	
41	25	Avantiage and Rhoads	29	0	2.1	3.9	8.5
142	40	BBS Design group (USA)	53	0	2.7	1.7	27.0
186	20	Bechtel Group	23	0	4.7	3.4	11.0
282	130	CGI Group Ordinary	260	0	11.5	4.4	6.7
147	99	CGI Group 1 1/2 Conv. Pref	130	0	15.1	11.6	
121	130	Carborundum Ordinary	130	0	5.4	4.1	21.3
104	91	Charterhouse 7.5% Pref	102	-1	10.3	10.1	
234	87	George Blair	234	0	3.7	1.7	5.9
44	69	Int. Group	69	-1	3.4	3.8	9.8
104	59	Jackson Group	530	-2	10.4	3.2	13.1
780	200	Johnson & Johnson	41	0	4.4	2.3	2.4
91	41	Imperial Industries	41	0	5.5	4.4	12.8
126	30	Servotom	126ad	0	4.4	2.3	9.6
226	67	Tirey & Carlisle	126	0	2.7	2.2	7.0
71	52	Travlers Holdings (USA)	65	0	16.6	6.2	51.5
248	190	W.S. Yates	248	-1	16.6	6.2	51.5

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### Todd angry over Dundee deal

By Our Labour Staff

MR RON TODD, general secretary of the Transport and General Workers' Union, yesterday attacked the Amalgamated Engineering Union for signing a single-union deal with Ford Motor for its ill-fated Dundee components plant.

Mr Todd said that "big business and big business unionism" had worked hand-in-hand over the deal.

His comments followed the refusal by the Ford unions' national joint negotiating committee to guarantee that the plant would not be disrupted, ending hopes that the Detroit parent company would reverse its decision to pull out of the project.

## WITH AIR CANADA THE OTHER HALF FLIES HALF-PRICE.

On April 11 Air Canada are introducing a new fare structure for all main destinations in Canada. It's called Executive Class Point-to-Point.

We're marking the occasion with a special half-price fare, for your better half. The new fares could mean savings of up to 20% when you travel Executive Class, providing there are no stopovers. For example, where the Executive Class return fare was £1384, the new Point-to-Point fare to Toronto is just £1104.

And on journeys completed before August 31, you can treat the other half to a special trip for just half of your fare. They must travel with you. The company will make a refreshing change to an ordinary business trip.

Of course, nothing else changes. We still offer a wide choice of destinations. And you'll both enjoy the same relaxed, efficient service and first-class food and wine.

For details and reservations ring 01-759 2636 from London, or 0800 181313 from elsewhere in the UK.

A BREATH OF FRESH AIR AIR CANADA



## FINANCIAL TIMES

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Saturday April 2 1988

## The case for optimism

IN 1987-88 winter never came. Although there was a hurricane in southern England in October, followed by a worldwide financial crash a few days later, the remarkable fact was that by Easter 1988 nothing much worse had happened. The number of people who saw some connection between the weather and the markets was small, and on the whole there was a disposition to inquire into the methods of the forecasters rather than to look forward to new disasters.

In short, the case for optimism was growing. But since people, especially commentators who make their living out of predicting gloom and dissent, were not used to looking on the bright side, the case was taking some time to gain acceptance. "Hang on a little longer," seemed to be the message, "and something ghastly is bound to happen."

Indeed, on the surface, the professional pessimists had a lot going for them. It was true that there had been no great financial turbulence in the run-up to the Easter weekend, but that was seen only as an unexpected time-lag. After all, it was well known that the Group of Seven - the major industrial democracies - had failed to reach formal agreement about exchange rates and US deficits after the debate the previous autumn. In Britain it was equally well known that the Prime Minister and the Chancellor of the Exchequer were at daggers drawn, with the Chancellor reported several times to have resigned. Besides, the British upper middle classes were in revolt because they felt themselves to have been over-rewarded in Mr Lawson's fifth budget.

## Trouble abroad

There was trouble abroad as well. It had been recently discovered that there was discontent in the Gaza Strip as well as the West Bank among Israel's occupied territories. The news from South Africa continued to be gruesome, despite President Botha's imposition of censorship. Ireland was going through a particularly nasty period.

In the US, there were fears that the country might, if not actually elect a black President, at least allow a black to have a go at the top level of the selection process. The Russians, meanwhile, were making their customary grumble that every time they were ready to do business with the West, the Americans had an election. Some Europeans were predicting, as they had done for the last three decades, that under the new President, US forces would be withdrawn from West Germany and the federal republic would be lullied by eastern breezes.

So it looked like a bad summer, with winter coming about June. Yet there were other ways of seeing it. The worst had not happened. There had been an agreement between the US and the Soviet Union on the elimination of intermediate nuclear forces in Europe and it seemed that Congress would ratify it. The outlook in Central America was unexpectedly better. The Russians showed every sign of wishing to get out of Afghanistan. In the Middle East, US Secretary of State George Shultz was undertaking shuttle diplomacy of a kind unusual when Americans are heading for elections. The Irish troubles led, not to a deterioration of Anglo-Irish relations, but to a strengthening.

## Quasi-patrician unrest

In the markets it was noticeable that the Group of Seven did at least try to hold together, even if it could not bring itself to meet. The Federal Reserve did intervene to support the dollar in a way that it might not have done a few months before. Recession still delayed its entrance and the US trade and current account positions were improving. In the UK, Mr Lawson used the phrase "actions speak louder than words" at a time when he was being more subtle than he sounded, words having given rise to so many difficulties of interpretation in the past.

Also in Britain, despite the quasi-patrician unrest, there was a view at the top of the Government that the third Tory administration in a row might succeed in reaching parts the first two had not. There were considerable residual problems, but they could be tackled and dealt with. They included the poor, the disadvantaged and the continuing unemployment; in fact, the bottom quartile of society. Yet the Government had resources available and solutions were possible.

It was the same in much of the rest of the world. These were no longer any excuse for going backwards. Problems were identifiable and could first be contained, perhaps, then possibly resolved. The question at Easter 1988 was whether the pessimists would be right, or whether optimism would take over. That was a very big question indeed, for the world had become accustomed, if not to failure at least to not doing as well as it might, for so long, that it required an effort to change. The verdict was open.

President Mitterrand has made the abuse of political power an election issue. Ian Davidson reports

## Where the elite is in charge

WHATEVER else the French may think about President François Mitterrand's declaration of his candidacy in the presidential election, on one point they are in no doubt: he has rudely awakened a campaign which was gradually slumbering into fatalism and indifference.

For months the opinion polls have been promising him a comfortable victory against all comers and Mr Mitterrand's descent to the battle from the Olympian heights of the presidency has done nothing to dent his lead - if anything, the reverse appears to be true.

It is therefore all the more interesting that he chose to maximise the dramatic impact of his declaration on television by accusing the neo-Gaullist RPR party of planning to take over the state and by representing himself as the only effective guarantor against such a takeover.

Fit reactions to this apparently melodramatic warning were on all sides those of extreme surprise, plus (among his opponents) indignation. Since then, however, this issue of the abuse of power by parties in government has already become one of the central themes of the campaign.

On many, perhaps even on most, of the traditional party-political issues there is too little difference between the main candidates of left and right to make the debate truly exciting. All

claim the legitimacy of Gaullism, all claim that France must become competitive in time for a truly open European market in 1992, all promise action to bring down unemployment, all promise reform of the stifling educational system, all are in favour of a stronger and more united European Community, all are in favour of a stronger French contribution to Europe's defence. But on the question of party-political abuse of power, Mr Mitterrand has thrown down the gauntlet, and his opponents are being forced to respond.

In his opening shot on television, Mr Mitterrand said: "I want France to be united, and she will not be if she is taken over by intolerant spirits, by parties which want everything, by clans or by bands... Nor will France be united if particular interests, egotist by nature, exercise their domination over the country at the risk of tearing apart the social fabric, or preventing the social cohesion which corresponds to the necessary national cohesion."

Three days later he returned to the attack in even stronger terms. "I am inventing nothing and I beg you to believe that it is not a question of a bogeyman. I say that there is an attempt to take over the state and that this attempt to take over the state comes above all from one political for-

mation. It is aimed at the press, information, the means of communication, justice, money, the hard core (of institutional shareholders) in the privatised companies." The President's subsequent reference, in terms of approval, to Mr Raymond Barre removed any remaining shadow of doubt that the target of his attack was the RPR led by the Prime Minister, Mr Jacques Chirac.

Mr Mitterrand's accusation, that the RPR has used, or plans to use, its political power to place its friends and servants in key posts in the public and private sector, has immediately provoked counter-attacks from his opponents. Mr Edouard Balladur, the Finance Minister, has responded by pointing out that, after the wave of nationalisations enacted by the Socialist government in 1982, all the bank chairmen were replaced and all but two of the other company chairmen; whereas when the right returned to power two years ago, they left in place half the chairmen of the 65 companies earmarked for privatisation.

Similarly with the public administration. Mr Pierre Bérégovoy, campaign director for Mr Mitterrand, asserts that the neo-Gaullists have got rid of 12 out of 14 traditional directors in the Finance Ministry. Not so, says Mr Balladur: seven out of 14 are still directors, whereas it was under the Socialists that 12 out of 14 were changed.

According to an article in the right-wing *Figaro* newspaper, there are in France 500 senior officials whose positions are deemed to be at the disposal of the Government - senior civil servants, ambassadors, prefects, regional directors of education etc. The article goes on to quote a 1982 study, which showed that in the period 1981-5, under the Socialists, 94 per cent of the holders of these posts had been changed.

Conversely, last year the implementation of the Government's denationalisation programme came in for sustained public and private criticism, most loudly from the Socialists but also discreetly from the centrists and supporters of Mr Barre; and the main theme of their complaints was that Mr Balladur was abusing his discretionary power to allocate shares in newly privatised companies to "hand cores" of institutional shareholders, as a way of favouring the RPR's friends in the business world.

This is not the place even to attempt a detailed judgment of the rights and wrongs of the opposing accusations. On the other hand, it seems clear that for many years before the Socialists came to power in 1981, there had been a close, not to say incestuous, relationship between the worlds of politics, administration, business and the media; it would at the very least have been surprising, if 23 years in opposition, the Socialists had attempted to place some of their supporters in key positions.

Right-wing critics say that that is exactly what the Socialists did with the companies they nationalised in 1982 and they make free play with the names of a number of known socialists who were parachuted to head national-



Ingam-Tom

ised companies: Alain Gomez at Thomson-Brandt, Guy-Raoul Duval at Crédit Commercial de France, and Jean Dehaessens at Crédit Lyonnais.

Yet the newspaper cuttings of the period convey a rather different picture. This is what the *Financial Times* reported: "The French Government opted for experienced managers yesterday when it named the heads of the major industrial groups and banks taken over under its nationalisation law. No trade unionists and few active socialists were amongst those appointed as chairmen of the five industrial companies and 25 banks... The majority of those taking up posts in the Socialist administration's ambitious attempt to transform France's industrial structure come from the traditional mould of French administrators and would not have caused surprise under the previous regime of President Giscard d'Estaing."

The reason why they would not have caused surprise is that the dominant pattern of recruitment to the top jobs in French industry has remained stable, and that over half of the heads of the 50 biggest companies came up through the royal road of state training and employment. Moreover, among a number of interesting tables in his book, two are particularly striking. One shows that some of the top jobs have been awarded late in life to men with no previous experience of business. The other sets out the names of successive heads of the biggest companies before, during and after nationalisation, which eloquently underlines the consistency of the statist mould. He calls it: "Nationalisation, privatisation, what difference does it make? The state always comes up trumps."

Mr Bauer's conclusion is a far cry from the current political slanging match between left and right over abuse of power. Instead, he asks whether the French method of selecting top industrialists and bankers, which may have been suitable when France was both protectionist and interventionist, is still suitable when all its political leaders profess to be tracing themselves for the competitive environment of the Europe of 1992.

In what might almost have been designed as a companion study to Bauer's, Thierry Pfister's *La République des Fonctionnaires* (published earlier this year) covers much the same ground, but on a broader and more impressionist basis. His concern is not so much the training and recruitment of France's business managers, but the large and growing stranglehold of the French Civil Service elite over all forms of power, including more particularly the political system.

It is not entirely surprising that the presidency has been increasingly staffed by graduates of the Ecole Nationale d'Administration (known familiarly as *ENAs*), from a quarter under General de Gaulle to two thirds under Giscard d'Estaing; after all, the presidency needs trained administrators. What is more surprising is that two of the three Presidents of the Fifth Republic, and all of the nine Prime Ministers started life in the public service; of the nine, seven came from central administration or *grandes écoles* (two Pompidou and Mauroy) from the teaching profession, one from the judicial system. What is more surprising is that a third of government ministers have come from the top Civil Service and the proportion has been rising. A similar picture emerges from the breakdown of members of parliament. Out of the total of 577 deputies last October, 271 or 47 per cent were officials of various sorts, including 45 from the *grandes écoles* and another 69 "ordinary" civil servants.

Part of the explanation is the dominant role of the state in managing an education and training system which produces the greatest reward and therefore attracts the brightest and the best. But another part of the explanation is that the *grandes écoles d'état* have an elastic and infinitely accommodating system of detachment and secondment which makes it possible to embark on a parallel career, whether in politics or business, without necessarily forfeiting the option of ultimately being parachuted back to safety in the *Cour des Comptes* or the *Inspection des Finances*.

Political manipulation and unscrupulous patronage have long played a role in French politics, as well as in a divided country than Britain and it has lower expectations of political impartiality in the civil service. Moreover, it is entirely plausible to suppose that the pattern of political placement was uniformly accentuated by the long-delayed springing the left in 1981, as well as by the swing back to the right in 1986.

But the combined impression conveyed by these two books is that the problem lies less in the civil ethic of French political leaders than with the underlying culture of France's governing élite. By so many standards it is superbly well equipped for government and administration. Whether it is equally well equipped for creative management in a world of which France is only a small part, and where more of the rules are made in Tokyo than in Paris, is a different question.

President Mitterrand has made it clear that he is going to make the abuse of the political system one of the planks of his campaign. In so far as it goes there is a case for worrying about such abuse, though it is not obvious that the Socialists are immune to damaging counter-attacks on that score as well; in particular it is alleged by some of their political opponents that the Socialist's lack of access to legitimate political funding pushes them towards corrupt practices at the local and regional level when they have control over public contracts. However, the more profound problem may not be the abuse of political power, but a system which lends itself only too readily to such abuse.

*"Les 200: Comment devient-on un grand patron?"* by Michel Bauer with Bénédicte Berthel-Mouric; FF7110, Seuil  
*"La République des Fonctionnaires"* by Thierry Pfister; FF65, Albin Michel

John Plender assesses the Leyland Bus deal and implications for management buy-outs

## A questionable bonus for enterprise

NO DOUBT Lord Young's Department of Trade and Industry regards management buy-outs as an integral part of Britain's enterprise culture. But there must surely have been some embarrassment at the department when it emerged this week that Leyland Bus, the former state-owned bus group which was bought by its managers and financiers for £4m in January 1987, had been sold to the Swedish group Volvo for something over £20m.

As the department's officials are anxious to point out, the decision to sell Leyland Bus was formally that of the board of Rover Group, then operating under the title of BL. But the Government provided £55m to strengthen the balance sheet and sweeten the deal. It was happy to see the com-

The deal may fuel concern about a conflict of interest between owners and managers

pany fall into politically uncontroversial hands at a time when Mrs Margaret Thatcher was under fire in the Commons for wanting to sell Land Rover to General Motors. Why, one might ask with hindsight, did the Government not insist on retaining a right to a share of the profit in the event of an early sale?

According to Mr Ewan Macpherson, a director of BL which is a leader in financing management buy-outs but had no involvement in this deal, such an arrangement would not have been normal in a risky buy-out, the financing institutions would be reluctant to see its potential reward eroded, he points out,

unless the vendor were willing to share in the ongoing risk. That, of course, is the opposite of what privatisation in the British motor industry is all about. And, unquestionably, the buy-out was regarded as highly risky at the time.

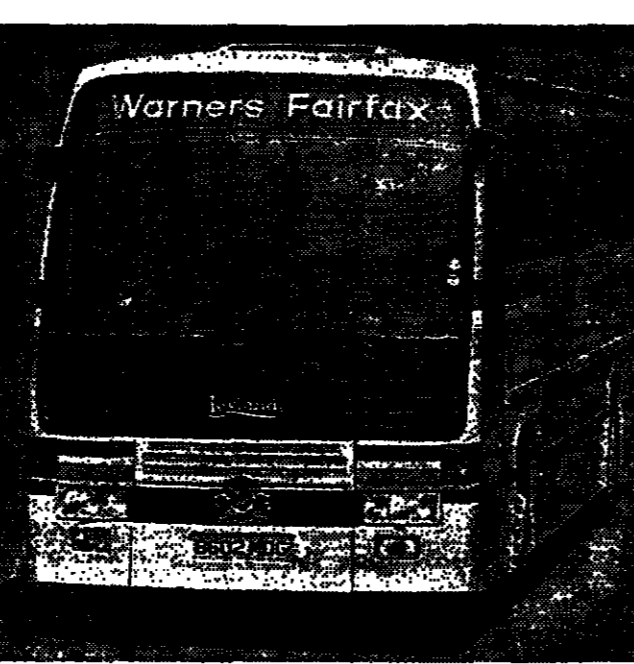
The then motor industry correspondent of the *Financial Times* started an article soon after the deal with the words: "At first sight it seemed as if the people who wanted to organise a management buy-out of Leyland Bus had lost their senses," before going on to outline the reasoning behind the transaction. Nor is there much doubt that privatisation genuinely enhanced the value of the company, not least because the fear of bankruptcy in the private sector put pressure on the unions to accept a conspicuously realistic pay deal, involving more flexible working practices.

That said, the Government is anxious to avoid the same mistake in the sale of Rover Group to British Aerospace. For if British Aerospace sells out within five years, all the net proceeds or profits from the sale up to £650m will go to the Government, while there will be a potential for pound reduction in available tax losses of £500m above that level.

But the suspicion may well remain that privatisation by management buy-out has, in the case of Leyland Bus, been politically convenient for the Government in the private sector put pressure on the unions to accept a conspicuously realistic pay deal, involving more flexible working practices.

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more pungently expressed in the US than in Britain - perhaps because the size of the killings made by the buyers in the US has been spectacularly larger. Mr William Simon, the former US Treasury Secretary, provoked a wave of incredulity when he made more than 100 times his original outlay in only three years through the buy-out of Anchor Glass Containers.

But in Britain some investors have also been wondering about the logic of a system which involves so many companies, going private, only to return to the stock market in short order. According to a study by the enterprising Centre for Management Buy-Out Research at the University of Nottingham, over half the management buy-outs that subsequently came to the

potential conflict of interest is at its most acute in the case of quoted companies whose management wants to go private. Here investors are bound to ask what the managers might know about the prospects that they do not. And in the case of the engineering group Molins, institutional investors rejected a proposal to buy out the company's shareholders. They were unconvinced that the managers' argument that the disciplines of quoted company status somehow put Molins at a disadvantage to foreign competitors.

At the other extreme, entrepreneur Mr Harry Goodwin recently argued for a buy-out of his International Leisure Group on the grounds that public shareholders were prone to short-termism and had little appetite for risk. Yet his backers in going private included standard institutional names that usually feature as arch-baddies in this particular demology.

Despite the heavy borrowing that is frequently involved in management buy-outs, there has yet to be a wave of insolvencies arising from excessive gearing. It was the financiers of buy-outs who suffered in the October crash, because they were left holding unsealable stock in left-stream, not the managers themselves, for whom the post-crash fall in interest rates was a helpful push along the road to riches.

Which leaves one final question: are the right people becoming rich? The folk at Nottingham found that a high proportion of the buy-outs that have made industry seem so much more lucrative a pursuit than we have come to expect concern well-established businesses in mature markets with low investment requirements. That is not quite what the enterprise culture was supposed to be about.

MORE O'FERRALL PLC

## ANOTHER RECORD YEAR

Turnover	UP 16%	£38.3m
Profit before tax	UP 36%	£7.12m
Earnings per share	UP 45%	18.8p
Ordinary dividend	UP 38%	7.2p

The above statement is a summary of the unaudited results for the year ended 31 December 1987

During the second half of 1987 we maintained the strong rate of growth in profits, which was shown in the first half, to achieve an increase of 36% over 1986 for the year as a whole. This was due primarily to the expansion of our French subsidiary, and the further development of our media in the UK.

The Group is continuing its growth, and benefiting from our marketing initiatives and investment programme. This year, we intend to increase the level of investment as the prospects for our advertising medium are positive.

R W Gore-Andrews - Chairman  
commenting on the results and outlook

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MORE O'FERRALL PLC



Man in the News

The Dalai Lama

High priest of the middle way

By John Elliott



THE DALAI LAMA, spiritual leader of the Tibetans, is preparing an important initiative, which he calls his "middle way," to try to free his remote mountainous country from its 37-year occupation by China.

"My basic nature is that I am not a man of politics, but I am rather spiritual. I have no modern education except for the past 40 years' experience, and I do not want to participate and have no ability to do so. It might be better if I retire voluntarily to outside the government," he says.

But this gentle, disarming 59-year-old, the 14th reincarnation of Chenrezig, the Buddha of Compassion, is not supposed to discuss these ideas publicly when he arrives in London for a 10-day private visit.

The British Government's attitude towards Russia is very healthy. On one side they criticise very strongly the negative aspects of the Soviet Union and, in the meantime, they try to improve human relations," the Dalai Lama said during an hour-long interview this week in his north Indian home.

The British Government's attitude towards China has not yet developed on that healthy line, probably for economic reasons, and of course Hong Kong is very delicate," he added with precise use of his slightly limited English.

His Holiness lives simply in McLeod Ganj, the seat of his 59-year-old government in the heavily wooded Himalayan foothills. It is the haunt of back-packing tourists and seekers-after-truth, as well as home for some of the 110,000 Tibetan refugees who operate the government-in-exile, run by a council of monks and carry on traditional crafts.

A balding, unassuming man who thinks and laughs a lot during conversation, the Dalai Lama lives in a small, modern home-cum-palace. He walks the hills at dawn, spends the morning on

spiritual duties and often meets foreign and other visitors in the afternoon. He is astutely publicly conscious and seems unlikely to be able to spend 10 days in London without succumbing to some journalists' questions.

Chinese ears have become especially sensitive to his statements since last October when riots broke out in Lhasa. There were more riots four weeks ago when four people died. Last October the Dalai Lama called a rare international press conference at McLeod Ganj and declared his support for Tibetans who staged civil disobedience - such as sit-down prayer meetings, strikes and demonstrations - as an "expression of anger and resentment" against the Chinese.

But he constantly reaffirms his total opposition, as a Buddhist, to violence. He welcomes the new generation of Tibetan nationalists, but is concerned by the rapid escalation of other south Asian religious and ethnic causes, such as those of the Indian Sikhs and Sri Lanka's Tamils from peaceful demonstrations to terrorism during the 1980s. He has condemned violence practised by Sri Lanka's Buddhists and is worried about "what will happen to our young people who have these growing militant ideas."

The Tibetan Youth Congress wants immediate violent demonstrations and probably sabotage and fighting in Tibet as well. Many young Tibetans argue personally with the Dalai Lama against his view. He calls this "healthy" but stands firm and this week successfully persuaded the Youth Congress to end a hunger strike in New Delhi and "not to waste a life."

He recognises the flaw in his case - that it was the violence in Lhasa last October, watched by tourists, that made the Tibetan issue "not at all dead as we feared, but alive again," giving him the springboard for his present publicity. But he is not violent, or even, or the contradictions, with a glombr: "My boss (as he describes his people) really expressed their feelings there and fortunately with foreigners as witnesses which has been extremely beneficial. Yes, they threw stones and there was violence, but boss and spokesman do not agree and, with our democracy, I have the right to express my own view."

"I have made my message clear - our weapons is not violence, or stones, or the sword, but truth, reason and human understanding. We have a responsibility to show the world that our experiment of

a non-violent cause can work." The Dalai Lama also adds practical logic to his Buddhism. "If we follow violence, it is easy for the Chinese to crush us, but with human understanding we can win the Chinese mind and turn the Chinese face to reality."

He is now developing a "middle way" between the Chinese determination not to abandon Tibet and his young followers' demand for independence. This was first broadly floated in the 1970s, but is now taking shape as a concrete policy which, he hopes, will be sufficiently ready by the end of the year to go out for consultation to Tibetans. He hopes it will eventually lead to formal negotiations with China.

"The middle way means not complete independence but equal status and mutual respect, and our own land within a Republic of China where we are master and China is helper."

"Listen carefully," he said, leaning forward. "I feel I want such an atmosphere created that Tibetans carry the top responsibility and make plans and take decisions. Then if Tibetans find some necessity for Chinese experts, or specialists or Chinese soldiers, voluntarily they invite them to come, but not as unwelcome guests or masters. I am not much concerned about terms like autonomy, independence, or republic."

This is a considerable compromise on outright demands for independence and that might attract some support in Peking, although China is unlikely to welcome the Dalai Lama's demand that the whole Tibetan plateau should be freed, not just a smaller area now called

Tibet. China might also not be amused by his idea that it rename its People's Republic as a Union or United States of Asian Republics.

The word Russia does not appear in the USSR's name, so one could do similarly with China, making not only Tibet (The Dalai Lama has set up an Allied Committee with leaders of other Chinese minorities from Xinjiang, Mongolia and Manchuria.)

He resents China's accusing him of primarily wanting to restore his own authority, feudal style, in Lhasa. Partly for this reason he says he will, himself, decide whether to go back and take part in any government, though he says a spiritual leader will die, he knows his people are bound to ask him to go back, but said: "If Tibet gets maximum rights and the Tibetan people feel satisfied, then since I am over 50 and a monk and I can manage very easily, I will make my own mind up."

He is impressed by Mahatma Gandhi, the Indian independence leader, who not only believed in non-violence, but also sought no official post when independence was achieved. So he could genuinely be interested in not going back, although this idea is not significant because it offers China, which would fear his power back in Lhasa, a compromise.

To confound China's propaganda, he also said he could take the even more extreme - and probably unlikely - step of implementing a lama's right to decree that his spirit will not be reincarnated. That would bring to an end the line of Dalai Lamas.

Amnesty International is doing its job in asking awkward questions about the UK security forces' killing of IRA terrorists, says Edward Mortimer

An all too familiar reaction to Amnesty

THERE IS something painfully familiar, for a British journalist who has followed Amnesty International's activities over the years, about the response of the British Government and its supporters to the request by Amnesty for more information on the killing of the three unarmed IRA bombers in Gibraltar on March 6.

Governments that incur Amnesty's criticism almost invariably react with anger and impatience to an organisation which asks awkward questions about the treatment of individuals as when those individuals are, in the governments' eyes, on the wrong side of what is self-evidently a struggle between good and evil.

It is usual for such governments to describe their opponents as terrorists and generally they assume that terrorists, by their very nature, are not entitled to human rights. Any person or organisation who shows concern for their human rights must be either misguided or disingenuous. If they were true humanitarians, they would show concern for the victims of terror, not its perpetrators.

I am not, of course, suggesting that all governments or all political systems are alike, or that there is no such thing as terrorism, or even that, in this particular case, the three people killed were not entitled to human rights. It happens, there is no doubt about that because the IRA obligingly identified them posthumously as members of an "active service unit"; and it appears (though the evidence for this has yet to be tested in court) that they were connected with a bomb found subsequently in Spain, which would have killed a great many innocent people if it had gone off at the time and place they apparently intended it to.

Britain is a democracy and the IRA is a terrorist organisation. Neither of those facts is disputed, least of all by Amnesty International. Indeed the terms of reference of that body forbid it to pronounce on the general political character of societies, regimes or opposition groups. It is concerned with human rights, which belong not to groups but to individual human beings.

Its primary activity is on behalf of "prisoners of conscience" defined as "men and women imprisoned throughout the world for their beliefs, colour, sex, ethnic origin, language or religion." It explicitly excludes from this category people who have ever used or advocated violence. But it also investigates allegations of torture and of detention (and a fortiori execution) without due process. Irrespective of the real or alleged crimes of the victims, on the grounds that even a criminal has certain rights: notably the right not to be tortured and the right not to be punished without a fair trial.

The Government may be right to reply that the request, to be held in Gibraltar in mid-June, is "the proper occasion for these matters to be examined," though Mr John Wakeham, Leader of the Commons, conceded that some questions might not be answered there, in which case they could "more appropriately" be raised afterwards.

But Amnesty is certainly doing its job in raising these questions, which many British people have been asking, and which should perhaps have been asked more insistently by both the parliamentary opposition and the national press. Why if the terrorists' preparations had been so carefully monitored for weeks beforehand, was no attempt made to arrest them at an earlier stage? Is the specialised unit, which was sent to Gibraltar to deal with them, not trained in techniques enabling it to immobilise and disarm a person without killing him if necessary? Why not? Is it true that one of the terrorists was finished off with several extra shots while lying helpless on the ground?

Clearly it would be wrong to prejudice the answer for weeks by questions before hearing the Government's full account. But a full account is certainly needed. If Britain is indeed a democracy the public has both the right and the need to know whether capital punishment, which Parliament has repeatedly refused to restore to the Statute Book, has been quietly reintroduced by the executive as an anti-terrorist measure without even the semblance of legal process, or whether the Government has decided that members of the IRA are not, after all, criminals (with the right to a fair trial), but as they themselves claim, enemy soldiers who may be killed in action but should, in that case, enjoy the protection of the Hague and Geneva Conventions.

By suggesting that Amnesty should "have the guts to ask" for more than 2,000 people murdered by the IRA since 1969, Mrs Margaret Thatcher is implicitly equating the IRA with the security forces of the state. She is also resorting to something unpleasantly reminiscent of the Third World dictator who has never been embarrassed by Amnesty.

Letters to the Editor

Dividends have become relatively more attractive

The lacklustre performance of the stock market since Budget Day indicates that many investors are taking the opportunity of rising their capital gains before the end of the tax year, in response to these changes. But the changes in the tax regime may have profound effects well beyond the year end.

Capital gains will make any tax shelters more attractive. In particular, personal equity plans and personal pension plans may receive a boost, as a greater proportion of personal savings flows through them in order to avoid capital gains tax.

Second, the average long term yield gap between shares and gilts is likely to narrow. This is because demand for gilts, instead of being taxed as income, is likely to rise relatively to demand for equities, whose attraction for investors lies in the prospective capital gains they offer.

Third, among equities there is likely to be a shift in demand at the margin from the shares of companies with good growth prospects but offering low dividend yields, towards the shares of higher-yielding mature "cash cows" with limited growth prospects. From a tax viewpoint, dividends have become more attractive relative to capital gains as a result of the March Budget.

From Mr Michael Neale, Sir, The Chancellor of the Exchequer, demonstrated at the time of last year's BP share issue that he had no sympathy for stags and underwriters exposed in a falling market.

Perhaps more surprisingly, this year's Budget indicates that he is no longer sympathetic to the small investor either. For the most significant feature of the Budget was the radical shift in effect in the burden of taxation - away from income and on to capital gains. As a result, many private investors will now find themselves paying a rate of tax of 40 per cent on capital gains compared to a rate of 30 per cent this year, and, of course, the exemption limit has also been dropped.

Forestry potential is being properly realised

The National Audit office (NAO) review she cites is far from being infallible. Its arguments have been substantially undermined by reports prepared by the Forestry Industry Committee of Great Britain.

The NAO report was based principally on a cost benefit examination of the operations of the Forestry Commission. The relatively restricted context of the review has been widely criticised. The NAO review failed to recognise that the historic rates of return from the forestry industry, even when plantings were largely immature, compare favourably with many industrial sectors which have received high levels of subsidy. More importantly, the future rate of return promises to be materially improved.

The 40,000 or so jobs in the forestry industry, many of these in remote rural areas with little if any alternative employment opportunities, look certain to increase substantially if the UK can raise the proportion of its total land area which is afforested from the current very small level of 10 per cent.

Government ministers are to be congratulated for realising the potential for forestry, in the widest sense, and for making other recent changes to a continuing long term policy which has been in place for over 40 years. This will be greatly to the benefit of the "severely disadvantaged areas" (SDAs).

'Summarised' results raise serious issues

From Mr Donald Black, Sir, The Department of Trade and Industry's decision (FT report, March 26) to allow listed companies to send short summaries of financial results, rather than full annual accounts, on grounds of cost, raises serious issues.

I was surprised to see TSB mentioned as campaigning for the change. TSB certainly showed no desire to save any money for shareholders over its purchase of Hill Samuel last November. More relevant, however, is the very poor 1.9 per cent increase in total assets shown in its latest report. There will probably be neither space nor wish to show this kind of key ratio in a short summary - except, of course, for the really successful companies.

If the DTI wants to encourage well-informed private share ownership, the Australian example - where companies have to get specific approval from each shareholder first - would seem a far better option to take. Donald Black, London Leas, Stratton Chase Drive, Chalfont St Giles, Buckinghamshire

Successive governments of whatever party have, since the Second World War, provided planting incentives. Given the long term nature of a forestry investment, these are essential. The Budget, far from being an opportunity missed, shifts the direction of planting in a most constructive way. The new planting grants will lead increasingly to planting by farmers and landowners - not by absentee high-income earners. This in turn will lead to more sensitive planting. Planting on unsuitable ground seems certain to diminish. Grants stood up for their rights. A unit trust monthly savings plan is an alternative. Granted there is no tax relief on the input, but neither is there any messing about with obscuring rules and transfer values; the employee would know more easily how much cash there was in his or her fund and what it was likely to produce by way of income; and when the individual dies the fund is there for the family.

Further, a saver can compare the performance of the chosen unit trust with other unit trusts, and alter the direction of his or her savings. Looking at recent results of pension policies, it might be that even without tax relief on the input a unit trust monthly saver could do better than colleagues who are locked into their pension fund.

There are arguments in favour of and against the idea, and doubtless the vested interests will have plenty of the latter. But on the favourable side, such a plan represents simplicity for both employee and employer, within bounds, it makes no difference to whom the company pays the premium. Also early retirement (or redundancy) is less of a problem, and job mobil-

ity is eased. Higher rate taxpayers can make use of the Business Expansion Scheme (BES). And with falling tax rates there should not be too many people looking for the tax shelter of pensions, particularly if tax rates get down to 20 per cent. I await the deluge from the vested interests. P.H. Lake, Liddly Bank, Eborac Row, Wash Water, Newbury, Berkshire.

There could be a way to pension off the sacred cow called Pensions

From Mr Patrick Lake, Sir, I was heartened to read Barry Riley's article, "That sacred cow called pensions" (March 19). Indeed it is what they are - enabling life insurance salesmen to live off the fat of the land, while pensioners suffer many indignities.

It grieves me to talk with clients, at the time of their retirement, about pension arrangements. It does not take them long to realise the built-in traps and drawbacks. They may have already been clipped - if they have had the tendency to move jobs - by det-

soxy transfer values. They may have tried to discover how well their pension fund managers have been doing with their money - and found it almost impossible to find out. (If they knew, the shock might take years off their lives.) The rules of a pension scheme may have been an utter mystery, asking how much will be provided on retirement customarily brings the response: "Well - it all depends..."

The question remains: why do we need pensions at all? Is there an alternative? There could be - if employees

stood up for their rights. A unit trust monthly savings plan is an alternative. Granted there is no tax relief on the input, but neither is there any messing about with obscuring rules and transfer values; the employee would know more easily how much cash there was in his or her fund and what it was likely to produce by way of income; and when the individual dies the fund is there for the family.

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ADVERTISEMENT

BUILDING SOCIETY INVESTMENT TERMS

Table with columns: Product, Applied rate, Net CAR, Interest paid, Minimum balance, Access and other details. Lists various investment products from Abbey National, Ald, Alliance and Leicester, Barclay's, Birmingham, City of London, etc.



UK COMPANY NEWS

WPP moves in for Henley Centre

BY NIKKI TAIT

WPP Group, the marketing services company which acquired New York-based advertising agency group J Walter Thompson for \$560m (£297.87m) last summer, is taking time out from current problems on the Madison Avenue front to announce the acquisition of the Henley Centre, the economic forecasting and consultancy company.

The Henley Centre for Forecasting was set up in 1974 and for many years was owned by a charity. About a year ago, however, employees at the Centre negotiated a management buy-out. Mr Robert Tyrrell, managing director, said that the company before the WPP deal was owned by about 25 of its 45 employees. The professional staff at Henley number about 20.

Within the WPP group, Henley will operate as an independent unit. In the first five months following the buy-out - to end-August - pre-tax profits totalled about £107,000. Management accounts for the six months to end-February suggest a pre-tax figure of £418,000, and for the year to end-August, the directors say they anticipate about £540,000. The deal comes in the wake of considerable publicity over a dramatic walk-out of the top executives at Lord Geller Fed, Erico Elustein, a small but highly prestigious New York advertising agency acquired by WPP as part of JWT two weeks ago. The initial six defectors have set up their own agency, and Young & Rubicam, the privately-owned agency, is providing part of the financial backing. Yet more Lord Geller employees have subsequently switched to the new agency.

WPP is already suing the new agency, 12 former Lord Geller employees and Young & Rubicam, in response, the former executives have said that they plan to file a libel suit against Mr Tyrrell. In addition, WPP is seeking injunctions against the defectors, preventing them from soliciting business from Lord Geller clients, and is awaiting the court's ruling.

Acorn back in red after custom services loss

By Terry Dodsworth, Industrial Editor

Acorn Computer Group, the UK computer company rescued by Olivetti of Italy in 1983, slumped back into deficit last year because of losses in its recently-closed custom services division.

Acorn shares fell 2p in Thursday's trading to 23p, reflecting disappointment over the company's performance in a transitional year which also saw the launch of the Archimedes range of high-powered educational computers. Acorn's future is now closely tied up with the success of these machines, along with the high-spacer on which they are based.

The pre-tax loss in the custom services division amounted to £2.2m, of which £200,000 was attributable to closure costs. At a trading level, the rest of the group broke even, but interest payments of £250,000 pushed the final group pre-tax deficit up to £2.2m, compared to profits of £1m in 1987.

Sales also fell sharply, amounting to £58.1m against £66.7m. They were affected by the absence of an order from another Olivetti subsidiary which had boosted turnover by about £7m in the previous year.

Net losses after taxes came to £2m, compared to a profit of £2.1m in 1987, when the company registered an extraordinary profit of £1m, while the loss per 10p share amounted to 5p against earnings of 1.5p. There will be no dividend payment.

Acorn is expecting to turn back into profit this year helped by a combination of increased shipments of Archimedes computers and reduced costs.

In the final quarter of last year, about £2m-worth of the new computers were sold, but this year the company expects to raise shipments to about £12m. Although Acorn believes that some of these orders will be at the expense of its existing BBC Master line computers, it still expects a significant increase in revenues.

At the same time the group's costs have been reduced by cutting the workforce by about 50 to 230 as a result of the division's restructuring. Further cost reductions will come from the absence of the heavy development expenditure which was ploughed into Archimedes last year and charged directly to the profit and loss account.

While Acorn's immediate future is tied up closely with the UK educational market, it intends to widen its product range later this year with the introduction of a workstation based on its existing technology but using the popular Unix operating system.

In addition, Acorn will receive some royalty payments this year from external sales of its new microprocessor. This chip uses a new "reduced instruction" technology which produces increased operating speeds, and which has been rapidly gaining popularity in the desktop computing market over the past year.

Giltvote adds 5p to EPIC offer but Peachey re-affirms policy

BY NIKKI TAIT

Giltvote, the consortium headed by Mr Stephen Wingate which entered the bidding for Estates Property Investment Company a week ago, made the 25p-a-share bid from Peachey. The Peachey offer, worth £88.4m and declared final, still remains on the table. On Thursday, the property group - which already owns 38 per cent of EPIC's equity - made clear that its stated intention of remaining a substantial minority shareholder in the event of default, was unchanged. Its offer is due to close on April 12.

Giltvote's advisers, Comity Bank, said yesterday that the increased offer had been prompted by some persistent market buying which had pushed the price ahead of its earlier terms and was preventing share purchases. However, despite the revised terms, the advisers said only a small addition to its holding was made on Thursday.

Ahead of the new offer, Giltvote spoke for 27.1 per cent of EPIC's equity - though a mixture of purchases, irrevocable undertakings to accept, option agreements and shares owned by parties in concert. In the market, EPIC shares again nudged beyond the Giltvote offer price - this time to 27.1p.

Bestwood sells Atlanta rights

BY CLAY HARRIS

Bestwood, property and financial services group, is to sell management rights to its Atlanta, Georgia, subsidiary unit trusts to Abrust Management, a subsidiary of Aberdeen Fund Managers.

The disposal, for about £210,000 cash, will complete Bestwood's exit from securities trading. The seven Atlanta trusts have an aggregate value of only £7m. All but one, a fund specialising in investment trusts, will be absorbed into existing Abrust trusts.

This planned consolidation is similar to that now underway after Abrust's purchase of Bestwood's investment management division in December. Including Atlanta, Aberdeen will have about £155m under management, of which Abrust unit trusts account for more than £100m. Atlanta, which lost £500,000 before tax in 1987, was one of the worst performing management groups last year. Money Management magazine ranked Atlanta's one-year record 82nd out of 85 managers. Abrust's 49th placing was based on the overall record of separately managed Baltic and Abrust funds in 1988. Bestwood said there would be no further losses from unit trusts this year.

French stake in Colne Valley

BY ANDREW HILL

Compagnie Générale des Eaux, France's largest water supply company, has accumulated a 37 per cent stake in Colne Valley Water, one of the UK's 26 statutory water companies, through General Utilities, a wholly-owned UK subsidiary.

Howeve Colne Valley's status as limited shareholders to a very small number of votes, irrespective of the size of their stake. Colne Valley, which works alongside the Thames Water Authority in Hertfordshire and north London, said it anticipated further co-operation with Compagnie Générale, which already has stakes in two other statutory companies.

Mr David Backhouse, general manager of Colne Valley, said: "Following many conversations with Compagnie Générale, we believe that they more truly reflect our philosophy of small local companies serving a local need." He said a firm link between the two companies would benefit both the customers and employees of Colne Valley. There was no question of anyone taking the company over, he said.

Evode moves into Italy via £7.8m acquisition

BY DAVID WALLER

Evode, the adhesives, paint and sealants group, is venturing into Italy with the acquisition of a Bologna-based company which makes thermoplastic elastomer compounds for footwear and general industrial applications.

The staged acquisition of SO.F.TER, worth a total of L17.9m (£7.9m) is to be financed mainly by a tender placing of new Evode shares to raise £5.7m.

The UK company - best known as the manufacturer of Bostick - believes that the acquisition will complement the activities of its existing plastics division and extend its product and market base.

Evode has made an initial payment of L4m for 26.1 per cent of the Italian company's equity. On completion of contracts, Evode will buy a further 69.9 per cent for L13.9m.

The UK company has the right to buy the outstanding equity for a maximum of L3.6m based on SO.F.TER's profits for 1988 and 1989.

SO.F.TER made pre-tax profits of £1.04m last year, on turnover of £15.5m. Over the last five years its sales have approximated to those of its traditional footwear base. Evode believes that the company will show a significant improvement in profitability this year. Last year's profits had been depressed by start-up costs associated with a major customer in the USSR and the installation of additional extruder capacity.

JMD takeover talks abandoned

By Philip Coggan

The future of John Michael Design, the USM-quoted design group, is once more in doubt following the abandonment of yet another set of takeover talks.

A reconstruction package involving the injection of funds by Hillsdown Investment Trust fell through towards the end of last year. JMD said last month it was in talks with a potential offeror; after those talks were terminated, the company said it was discussing instead the possibility of a reverse takeover.

Now JMD announces that the reverse takeover is off. In a statement made after the stock market closed for the Easter holidays, the directors said that the company was experiencing difficult trading conditions and losses were expected to continue in the second half of the year.

Storehouse sells Dutch side

BY MAGGIE URRY

Storehouse, the retail group headed by Sir Terence Couran, is selling its Habitat and Mothercare operations in the Netherlands. Each business operated three stores and between them made annual trading loss of close to £1m.

Mr Jim Power, Storehouse's finance director, said the withdrawal from the Netherlands was not an admission of defeat but showed that Storehouse was prepared to take hard decisions if necessary. "There is no point in crying over mistakes," he said. The disposals will result in a £4.5m extraordinary debit in the results for the year to April 2.

The Habitat shops, which sell home furnishings, will be sold to their management, headed by Mr Peter Griffin, and will continue to trade as Habitat stores under a franchise arrangement. The stock will be bought from Storehouse. Mr Griffin, who will be the majority shareholder in the bought out company, said that since the Dutch market was small and very competitive, the greater flexibility in running the business would be an advantage. Storehouse is writing down the asset value, so it will be easier for the management team to make a profit as interest and depreciation charges will be lower. Mr Griffin expects a small profit in the financial year just starting, and hopes to expand the chain to five or six shops in the next three years.

Blenheim surge continues with £1.4m midway profit

BY FIONA THOMPSON

Blenheim Exhibitions, the fast-growing conference and exhibition organiser, has more than doubled its profits to £1.4m for the six months to February 29, 1988. The advance from £502,000 was made on turnover ahead to £5.8m (£2.22m).

During the year to August 31, 1987 the company organised 27 events. During this half year the total was 30 and Blenheim expects to reach 70 for the year.

Stated earnings per share rose from 8p to 9.1p, but on a fully diluted basis the increase is from 6.9p to 7.7p. The interim dividend is lifted from 1.05p to 2.4p. Blenheim has bought six companies since it joined the USM on Big Bang day in October 1986, and they accounted for about 60 per cent of this half-time profits rise, according to Mr Lawrie Lewis, chief executive. "All the acquisitions outperformed expectations," he said. Particularly successful was Online International, organiser of high technology business events, acquired last September.

"The momentum has not stopped. We want more acquisitions. The difference now is companies are approaching us, wanting us to acquire them. We've rejected four so far this year. Blenheim's managers consider conferences and exhibitions for a range of industries including food, clothing, distribution, gifts, information and other high technology, business and commerce and training. Two of its biggest contracts were for the international Chilled Food Fair in Birmingham, which contributed £500,000 profits, and the Harrogate Gift Fair which brought in £600,000.

Blacks Leisure pays £4.5m for sports retailer

By Nikki Tait

Blacks Leisure, a camping and leisurewear company, has returned to the acquisition trail with a £4.5m purchase of West 8 Sports, a sports retailer with four outlets principally in west London.

The initial consideration is being satisfied by the issue of 18.61m new Blacks shares, of which 11m have been placed at 15p by Blacks' brokers.

The second payment of £1m will be made in either shares or cash from Blacks' resources, on or before March 1988. West 8 comprises four outlets at present, in Basing, Hounslow, Kensington High Street and Brent Cross, and in total takes in some 20,000 sq ft of leasehold space. During the current year, there are plans to open two new units - in Southend and Milton Keynes. Other areas, such as Richmond, were being considered.

West 8 also takes in fresh food warehousing premises in St Albans, and warranted net assets at end-February were not less than £2m. About 10 per cent of that represented cash balances, according to Mr Bernard Garbarino, an estate agent with the three vendors, who have entered five-year service contracts with West 8, have warranted a pre-tax profit of not less than £400,000 in the year to end-February. In the next three years, they are warranting £250,000, £380,000 and £500,000 respectively.

Any shortfall on the overall warranted level of £2.5m will be repaid on an agreed basis - up to £500,000 maximum. Shares in Blacks eased 1/2p on Thursday to 20p.

NatWest files for bonds

BY DAVID LASCELLES

NatWest Bank has filed a shelf registration with the US Securities and Exchange Commission for \$1m-worth (£322m) of bonds. Together with the unused portion of an earlier registration, this gives NatWest a possible total of \$1.15bn bonds to issue on the US markets.

NatWest has no immediate plans to sell bonds, but the shelf registration will enable it to make an issue at short notice if the need arises or market conditions are appropriate.

GrandMet £35m hotel disposal

By Lisa Wood

Grand Metropolitan, the drinks and hotel group, is to sell the 187-room Maurice Hotel in Paris, part of its Inter-Continental chain, to CIGA Hotels for about FF350m (£53m).

Mr Ian Martin, Inter-Continental Hotels chairman, said its strategy was to operate hotels in major world cities which appealed to both individual and group travel.

BAT wins Reno injunction against Farmers

By Nick Banker

BAT Industries, the tobacco-based multinational, said yesterday it had won an injunction in Nevada against its bid target Farmers Group, the US insurer, to stop Farmers invoking a local anti-takeover law.

Also, BAT described an advertisement published in a US national newspaper on March 30 as "a transparent attempt" by Farmers to divert its shareholders' attention from issues raised by BAT's \$4.5m (£2.39m) bid for the company.

BAT said the injunction won by the group in a federal court in Reno meant that Farmers could not use the local anti-takeover law to impose a time limit of 60 days on BAT's \$83 per share tender offer, which was launched on March 2. The newspaper advertisement placed by Farmers this week in The Wall Street Journal urged its shareholders not to agree to give proxy votes to BAT in advance of the US group's annual meeting on May 20.

BAT had planned at the meeting to present a resolution urging Farmers' management to enter merger talks. BAT said the Farmers Group advertisement was "incorrect in many respects" and "confusing to stockholders".

Senior Engineering advances to £9.3m

BY VANESSA HOULDER

Senior Engineering Group lifted pre-tax profits by 22 per cent in 1987 to £9.3m, a result scored on turnover up 38 per cent at £144.1m (£104.1m). Earnings per share increased to 5.22p.

The results were held back by a £1.1m exceptional charge which represented the costs of a 13 month long industrial dispute at Senior Colman, a ventilation fans factory in Manchester. The dispute finished six weeks ago.

The business has been reorganised into five key areas to take account of the series of acquisitions and disposals made in the past two years. Good performances were achieved by the construction ser-

vice, engineering and heat treatment businesses, said Mr Don McFarlane, chief executive. Mining equipment had a "relatively dull" year while thermal engineering experienced "mixed fortunes" with the US subsidiary Boiler Tube posting a loss, after problems on a contract.

Senior Engineering has spent £25.5m on nine acquisitions in the last 15 months. The latest deal was the purchase of Modular, a designer and manufacturer of air handling units, bought for £5.8m in shares and cash two weeks ago. The company is expecting to announce the acquisition of Foster Wheeler's industrial boiler operations in the next few weeks.

At the year end, gearing had been reduced from 27.8 per cent to 6.7 per cent. Shareholders' funds were up from £26.7m to £54.6m.

The proposed final dividend is 1.29p per share making 2.2p (2p) for the year.

Senior now sports a tidier structure but that does little to help analysts predict the company's progress in the face of its reluctance to divulge divisional profits or contributions from acquisitions. That said, the latest results were much as the City expected and the price eased off unprecedented trading levels.

The crash has provided the impetus for a worldwide broadening of NMW's activities and the company hopes in due course to rely on bargain-related business for only half of its turnover. This would depend on the expansion of its 235 international standard network, linking the UK securities industry, and the Broker Services venture, which, if successful, should generate more trade for bureau services. If the volume of trading stays at current levels and loss-making subsidiaries return to modest profit NMW could make £2m before tax this year. That puts the shares on a prospective p/e of about 11, attractive both to investors and larger computer groups looking for a bargain.

There was a kind of shock horror reaction after the crash, when people had to decide what was the best thing to do and whether they could afford to do it," Mr Bamister added. NMW's share of Broker Services, which operates a combined bureau and clearing service and is jointly owned with Barclays Bank, incurred losses of £483,000. NMW attributed this to the cost of setting up the service. The company is proposing a final dividend of 1p, making 2.6p for the year, unchanged from 1988.

NMW is so strongly linked to the fickle fortunes of the stock market that one hesitates to blame the company for this setback, especially since the authorities themselves were encouraging the company to gear up for

COMPANY NEWS IN BRIEF

VIBROPLANT is paying \$1.8m (£0.85m) for the assets of Action Equipment an equipment rental company, in Miami, US. The assets acquired consist principally of a hire fleet of material handling and general rental equipment.

FINLAN GROUP has acquired 49 per cent of Canal Post, a French timber agent and hardware merchant, for FF2,200,000 (£220,000). TSB CHANNEL Islands, USM-quoted subsidiary of TSB Group, has acquired Robin Stone Partners, an estate agency with two offices in Jersey and one in Guernsey.

DOMINO PRINTING Sciences: Chairman told annual meeting that first four months of current year had seen continued strong growth in Europe and the Far East. Progress towards required levels of profitability at Domino Amdet in the US had been slower than expected, but R&D activities there had been centralised, and benefits should come through in 1988.

GUINNESS: On March 30, the company purchased 1m of its own stock units at 287.4p, bringing its cumulative purchases since activity was given by Equilibrium on December 15, 1987 to 14,098m shares.

HORACE HOLMAN Group is to acquire Colburn, Shearman, specialist reinsurer broker, for £1.1m cash based on adjusted after tax profits for the year of £220,000. Further payments will depend on performance over five years to a maximum £1.4m. It is also buying JS Kennedy, specialist creditor insurance broker, for £75,000 cash with further payment to a maximum £75,000 depending on performance.

FROGMORE ESTATES is acquiring Portland Group, property trader and developer. Initial consideration is by issue to vendors of 2.92m new ordinary shares, valuing Portland at £6.8m. Deferred consideration in shares may be payable if pre-tax profits exceed £2.5m for year to March 1988 to a maximum excess of £780,000.

PARKDALE HOLDINGS is to buy six bus garages to the north-east of London from National Bus Company for £5.5m.

DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current payment, Date of payment, Corres. Total, Total last year. Includes Reason Group, Blenheim Exhib, Berry, Birch, Eys, House of Lerose, NMW Computers, Senior Eng, Sistrum, Superwood, Triplevest.

LONDON RECENT ISSUES

Table with columns: Issue Price, Amount, Latest, 1987/88, Closing Price. Includes AMI Healthcare, BHP, British Airways, British Telecom, British Water, British Airways, British Telecom, British Airways, British Telecom, British Airways, British Telecom.

FIXED INTEREST STOCKS

Table with columns: Issue Price, Amount, Latest, 1987/88, Closing Price. Includes British Telecom, British Airways, British Telecom, British Airways, British Telecom, British Airways.

"RIGHTS" OFFERS

Table with columns: Issue Price, Amount, Latest, 1987/88, Closing Price. Includes British Telecom, British Airways, British Telecom, British Airways, British Telecom, British Airways.



Chief executive resigns from Koor

BY ANDREW WHITLEY IN TEL AVIV

MR YESHAYAHU GAVISH, chief executive of Koor Industries, the Israeli labour federation-owned industrial conglomerate...

and chairman of Hevrat Ha'Ovdim, on Wednesday, Mr Gavish delivered a scathing attack on interference from the powerful labour body in his plans.

Gavish's departure, possibly because of the impending Passover holiday, but his criticisms of obstacles placed in the way of the Koor management...

But his efforts in recent years to invigorate sluggish sales and reduce overheads, particularly on the labour side, have met only limited success.

Buisson struck off French futures market

By George Graham in Paris

THE FRENCH financial futures market has struck off one of its member firms for shortcomings in its accounting and management controls.

Macy bounces back in Federated battle

BY ANATOLE KALETSKY IN NEW YORK

R.H. MACY, the privately-held New York retailing group, rebounded against it on Wednesday as the high bidder on Thursday in the record-breaking \$5.7bn auction for Federated Stores...

bound by Federated's proposals Wednesday to have higher rebounded against it on Wednesday.

Perkins Engines in US venture

By Nick Garnett

PERKINS ENGINES, the British-based engine arm of the Canadian Vauxly group is setting up a comprehensive joint venture with the Detroit Diesel Corporation of the US.

Paribas shows small advance

By Our Paris Staff

PARIBAS, the French investment banking group, lifted net profits 2.7 per cent to FF1.72bn (\$304.5m) in 1987, its first year back in the private sector.

Profits decline at Royale Belge

BY WILLIAM DAWKINS IN BRUSSELS

ROYALE BELGE, Belgium's biggest insurance company, which fought off an unfriendly takeover bid last year, has reported a decline in profits for 1987.

Attributable profits fell from the FF3.2bn (\$615m) recorded in the preceding year to FF2.65bn for the 12 months ended last December, after write-downs of FF1.92bn and a transfer to tax exempt reserves of FF1.65bn.

However, last year's surplus is a 15 per cent advance on the FF2.4bn attributable profit recorded in 1986.

GB-Inno registers 20% rise

BY OUR BRUSSELS STAFF

GB-INNO-BM, Belgium's largest supermarket group, which was the subject of takeover speculation, yesterday announced a 20 per cent profit increase for the year to January.

Strong yen hits Komatsu result

BY STEFAN WAGSTYL IN TOKYO

KOMATSU, the Japanese construction machinery maker which is locked in a worldwide battle with its US rival Caterpillar, yesterday reported a 40 per cent decline in pre-tax profits in 1987 to ¥21.5bn (\$170.4m).

European stores to move into most retailing and last year expanded its Belgian activities with the BF1.2bn acquisition of Sarma, a subsidiary of J.C.Pennachy, the US retailer.

Komatsu, which is changing its financial year-end to March 31, said the outlook for the results for the first quarter of 1988 was for continued difficulties in exports because of the strength of the yen and trade friction.

Week in the Markets

THE LONDON Metal Exchange nickel market went into the Easter break on a steady note, after seeing earlier unprecedented gains trimmed back sharply in early April.

because of a dispute over taxes and export duties. Although that country accounts for only about 5 per cent of western world supplies its importance to the nickel market has assumed an exaggerated importance against the background of the extreme supply tightness caused by the unexpected strength of demand for stainless steel.

Another factor taking some steam out of nickel's bull run this week was news of moves by stainless steel producers to pass on increased costs - not just for nickel but for molybdenum and chrome as well - to consumers.

for demand combined to re-establish the bull trend in the shortened Thursday session.

WORLD COMMODITIES PRICES

Prices supplied by Assingamated Metal Trading

US MARKETS

Precious metals traded quietly in advance of the Easter holiday, reports Drexel Burnham Lambert. Early local and international buying in the gold market, but heavy fund selling led to long liquidation to arrive prices lower in the absence of serious buying.

New York

GOLD 100 tray oz. \$190.00

Chicago

SOYABEAN MEAL 5,000 bu m/cr cents/50lb bushel

Table with columns: Latest prices, Change on week, Year ago, High 1987/88, Low 1987/88. Rows include Gold, Silver, Aluminum, Copper, Lead, Zinc, Nickel, Tin, Coffee, Sugar, Wheat, Cotton, Rubber, Oil, etc.

Table with columns: Close, Previous, High/Low. Rows include Aluminum, Copper, Lead, Zinc, Nickel, Tin, Silver, etc.

Table with columns: Close, Previous, High/Low. Rows include Wheat, Soybean Meal, Soybean Oil, etc.

Table with columns: Close, Previous, High/Low. Rows include Gold, Silver, Platinum, etc.

Table with columns: Close, Previous, High/Low. Rows include Soybean Meal, Soybean Oil, etc.

Table with columns: Close, Previous, High/Low. Rows include Brent Blend, W.T.I. (1st cut), Crude oil, etc.

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Table with columns: Close, Previous, High/Low. Rows include Soybean Meal, Soybean Oil, etc.

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Various small notices and advertisements at the bottom of the page.



WORLD STOCK MARKETS

NEW YORK (Closing)

Table of New York stock market closing prices for various companies including IBM, AT&T, and General Electric.

OSSE

Table of OSSE stock market closing prices for various companies.

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INDICES

Table of New York Dow Jones indices for various sectors like Industrials, Health, and Utilities.

NEW YORK

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CANADA

Table of Canadian stock market closing prices for various companies.

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NEW YORK ACTIVE STOCKS

Table of New York active stocks with columns for stock name, price, and change.

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Advertisement for Atma Money Management Magazine, featuring the headline 'INVEST IN A WINNER...' and 'WINNER. Atma'.



ASIA

Nikkei drops as price worries grow

Tokyo

INVESTORS' concern about high prices persisted in Tokyo yesterday, sending share prices lower for the second consecutive trading day, writes Shigeo Nishiwaki of Jiji Press.

The Nikkei stock average ended 156.04 lower at 28,104.22 after moving between a high of 28,348.74 and a low of 28,074.28.

Volume totalled 1,308,988 shares compared with Thursday's 1,476,681. Declines led advances by 541 to 401, with 115 issues unchanged.

The market got off to a firm start as securities house dealers stepped up buying on the first trading day of the new fiscal year. But it soon lost steam as institutional investors sat on the sidelines and many investors became increasingly concerned over high price levels.

Executives of major trust banks said stock prices could tumble depending on exchange rate movements and, consequently, they did not want to build up stock holdings.

The absence of foreign investors because of the Easter holidays was another minus factor. Steels, shipbuilders and other large-capitals eased, while high-technology stocks and domestic demand-related issues came under small-lot selling pressure.

stocks with specific incentives were selected.

Nippon Steel topped the active list with 155.95m shares changing hands, but it fell Y10 to Y477. Sumitomo Metal Industries, the second busiest issue with 126.80m shares traded, ended Y4 lower at Y417.

The year's rise against the dollar depressed high-technology stocks, with Matsushita Electric Industrial shedding Y10 to Y2,660.

Issues with specific incentives and speculative stocks drew buying interest. Nippon Mining surged Y36 to Y336, bolstered by its plan to undertake oil development jointly with Conoco, a major US oil firm.

Pacific Petals, the seventh most active stock with 27.36m shares, soared Y91 to Y730 on investors' hopes that rising nickel prices would help improve its earnings position.

Daikoku moved up Y14 to a record Y1,020 on the strength of redevelopment plans near Tokyo station.

The Osaka Securities Exchange (OSE) opened higher, but steady in active trading. Drops in short-term interest rates, such as bill discount rates, Gensaki bond market yields and newly issued certificates of deposit rates, gave momentum to buying enthusiasm among dealers.

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On Thursday, the Tokyo stock market closed lower as concern mounted about high prices after a three-day rising streak. Trading centred on large-capitals, stocks which had led bullish market activity recently.

High-technology stocks, such as NEC and Matsushita Electric Industrial, eased under small-lot selling pressure.

In a continuation of Thursday's firm trend, bond prices rose sharply in active trading. Drops in short-term interest rates, such as bill discount rates, Gensaki bond market yields and newly issued certificates of deposit rates, gave momentum to buying enthusiasm among dealers.

The yield on the benchmark 5.0 per cent government bond, maturing in December 1987, fell sharply to 4.510 per cent from Thursday's 4.430 per cent.

Trading volume on the over-the-counter market swelled to Y3,500bn, the biggest since the beginning of this year.

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The 250-issue OSE stock average ended 42.8 points lower in this trading with the Straits Times Industrial index down 4.25 at 925.82. Trading resumes on Monday.

NOI, a recent winner, fell 4 cents to \$41.33 after a widely expected swing back into profit. AUSTRALIA ended a half-day session barely steady on modest volume, with the All Ordinaries index falling 0.9 to 1,415.6.

scored a maximum allowable single-day gain of Y100 to Y795, helped by the announcement of a rehabilitation plan for the chemical firm which suffered huge losses in bond investment.

Markets in Hong Kong, Singapore and Australia were narrowly mixed on Thursday before closing for Easter.

HONG KONG closed steady, with buying enthusiasm dampened by the fact that leading companies have all reported their 1987 results. The Hang Seng index rose 15.05 to 2,543.97.

Chong Kong, the last big group to report on Wednesday, failed to impress and lost 5 cents to HK\$7.45.

Bond International's return to profit led to an 11 cent rise to HK\$1.38. The market reopens on Wednesday.

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Retailers mostly gained, while insurance and media stocks came under pressure. FAI Insurance and News Corp both lost 10 cents to A\$4.60 and A\$13.60.

TRADING was thin on the only European bourse open yesterday, with many Milan operators absent before Easter.

MILAN closed firmer, with the MIB index gaining 7 to 1,066, after adding 10 on Thursday to 1,059.

Pirelli Spa gained L10 to L2,616 despite a drop in 1987 net profits for its subsidiary, Industrie Pirelli, from L30.8m to L29m.

On Thursday, FRANKFURT was generally quiet in pre-Easter trading, finishing easier after Wednesday's loss on Wall Street. The FAZ index lost 1.72 to 451.4.

Highlights of the day were electrical company AEG and retailer Asko. AEG added DM8.10 to DM252 on renewed rumours that Deimler was building up a stake in it.

Asko surged DM35, or 5 per cent, to DM695 on news of approval of its acquisition of part of the Sefway group of the US.

PARIS edged slightly lower, but by an easier dollar and lower trends in Tokyo and on Wall Street. The CAC General index eased 3.4 to 284.1.

JOHANNESBURG gold shares ended stronger in this trading on Thursday, helped by a slightly firmer bullion price and a sharply weaker financial rand.

transaction tax should be abolished as soon as possible to help Paris become the continent's leading financial centre.

AMSTERDAM finished mostly lower with little investor interest, although the publishing sector was buoyed by recent healthy corporate profits and perceptions that more mergers or joint ventures lay ahead.

In publishing, Elsevier gained 20 cents to F1.50. Wolters Kluwer F1.80 to F1.81.50, and VNU 50 cents to F1.74.

BRUSSELS edged broadly lower in quiet profit-taking with only a few notable movements in blue chips. The cash market index lost 46.63 to 4,839.64.

In retailing, GB-Iuno-BM shed Bfr72 to Bfr1.184 after announcing a rise in parent company 1987 profits, while Delhaize gained Bfr70 to Bfr81.60.

Gruppe Bruxelles Lambert, the country's second biggest financial and industrial holding company, eased Bfr75 to Bfr2.125 after its unexpected 12 per cent decline in profits.

STOCKHOLM opened lower following the decline on Wall Street but ended slightly higher on short-covering for the end of the quarter year.

Turnover was low at SKr200m with much activity concentrated on takeover stocks such as Swedish Match, which ended the day unchanged at SKr139. Its suitor, Stora, fell SKr1 to SKr574.

EUROPE

Milan rises in light, pre-holiday trading

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AMERICA

Fears subside as Dow closes higher

Wall Street

WITH A LONG weekend ahead, the dollar stable at its lower levels and no new information for the bond market to feed on, stock prices drifted aimlessly on Wall Street for most of Thursday, writes Anatole Koloskiy in New York.

The market was closed yesterday. After a somewhat bearish morning session, dominated by fears of a further fall in the dollar, the Dow Jones Industrial Average moved into positive territory shortly after lunchtime and closed with a gain of 9.94 points at 1,938.06.

At one stage in the morning, however, the Dow had been down 14 points. Trading was slow with 140.5m shares changing hands, and there was no clear trend in the ration

of advancing shares to declining. By the end of the day, 810 issues were up, against 676 losers. The declining shares, however, had been in the majority until the last few minutes.

The bond market was almost motionless throughout the day. The Treasury's benchmark long bond closed 1/4 of a point up at 101 1/4, a price at which it yielded 8.74 per cent.

Federal Funds opened firmly at 8 1/2 per cent and settled at 8 1/4 per cent. The most significant development of the day was probably the strengthening of technology stocks which had been leading the market downwards during March. IBM gained 3 1/2 to \$177 1/2 in heavy trading. Digital Equipment rose 1 1/4 to \$104 1/4 and AT&T improved 1/4 to \$27.

The key stock in any market recovery from its current doldrums. But despite the substantial volume of trading in IBM shares, with 1.75m changing hands, the general thinness of the pre-holiday market made it impossible to draw any firm conclusions about the likelihood of the late rally extending into next week.

Oil stocks were also firm across the board, with Exxon gaining 3/4 to \$49. Chevron up 1 1/4 to \$48 1/4 and Atlantic Richfield firming 3/4 to \$94 after a bullish prospect forecast from its chairman. Texaco was also up 3/4 to \$48.

Federated Department Stores rose 3/4 to \$72 1/2 after disclosing that Macy's had offered \$75.52 in cash for 90 per cent of its shares. Among golds, Echo Bay advanced 3/4 to \$26 1/2 and Placer Dome rose 3/4 to \$216.

offer was just over \$75. Campana, the rival bidder, is offering \$74 in cash for 90 per cent of Federated.

GOLD ISSUES had a recovery from early losses on Thursday. The composite index, which had dropped about 7 points in earlier trading, gained 11.2 to 3,313.5 in moderately active trade. Advances outpaced declines by 453 to 361 on turnover of 27.7m shares.

Volume was lifted by heavy trading in the stock and warrants of Ladlaw Transportation, which had said it was looking for a buyer. Ladlaw warrants topped the active list, up 60 cents to C\$30. The class A stock picked up C\$ 1/4 to C\$24 1/4 and class B gained C\$ 1/4 to C\$21 1/4.

TRADING VOLUME IN MAJOR STOCKS

Table with columns for Stock, Volume, and Price. Lists major US stocks like IBM, GE, and Ford with their trading volumes and prices.

ECONOMIC DIARY

TODAY: National Union of Teachers annual conference (until April 6), Scarborough. MONDAY: Dalai Lama arrives in London for visit (until April 15). National Association of Schoolmasters/Union of Women Teachers annual conference opens in Blackpool (until April 6). TUESDAY: Department of Trade and Industry publishes February Retail figures for retail sales; and February figures for credit business. Assistant Masters and Mistresses Association annual conference opens in Kensington (until April 8). Serious Front Office issues statement. Deadline for candidates to enter for French Presidential election. Wisconsin US Presidential primary held in Madison. Eurocontrol final results. THURSDAY: Sotheby's auction rock and pop memorabilia, London. SIF annual results. Associated British Ports final. FRIDAY: Department of Trade and Industry publishes in British Business fourth quarter final figures for finished steel consumption and stock changes; and third quarter final and fourth quarter provisional figures for import penetration, and export sales ratios for manufacturing industries. Congress of European Greens opens in Antwerp, Belgium, (until April 10).

Hertfordshire The Financial Times proposes to publish this survey on: 24th May 1988 For a full editorial synopsis and advertisement details, please contact: Rachel Fiddimore on 01-248 8000 ext 4152 or write to her at: Bracken House 10 Cannon Street London EC4P 4BY

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns for EQUITY GROUPS & SUB-SECTIONS, Thursday March 31 1988, and Highs and Lows Index. Lists various equity groups and their performance metrics.

Table with columns for FIXED INTEREST, PRICE INDICES, and AVERAGE GROSS REDEMPTION YIELDS. Lists fixed interest rates and price indices for various instruments.

CONSTITUENT CHANGES: Issue (6) has been deleted and replaced by AMI Healthcare (27). RECLASSIFICATIONS: Charterhall has moved from group (5) to (4). From group (6) to (1). RHP has moved from group (5) to (4). Agency: 31/12/86 1114.07 Equity section or group: 31/12/74 100.00 Conglomerates: 31/12/86 1114.07 Medical Engineering: 31/12/74 100.00 Electronics: 30/12/85 1646.45 Other Financial: 31/12/70 100.00 Health/Household Products: 30/12/77 261.77 Food Retailing: 29/12/67 96.57



CURRENCIES AND MONEY

LONDON STOCK EXCHANGE

FOREIGN EXCHANGES

Dollar continues to fall

THE DOLLAR came under renewed pressure in Tokyo yesterday, despite renewed support by the Bank of Japan...

The dollar was confined to a very narrow range and finished showing losses from overnight levels. Trading remained nervous after the dollar had met heavy selling pressure in Tokyo on Thursday...

Table with columns: Mar. 31, Latest, Previous. Rows include Sterling, Swiss Franc, Japanese Yen, etc.

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Sterling helps Gilts but depresses equities

THE STRENGTH of sterling set the tone for the UK securities markets on Thursday in a thinly-traded session ahead of the Easter holiday...

Securities traders were content to let the foreign exchange markets deliver the City of London's verdict on the latest comments on currency and domestic interest rate policies...

The renewed vigour of the pound revived hopes of another cut in base rates, although bond traders believe that sterling may have to move higher yet...

Leading equities were opened sharply lower as the market responded to the overnight reports of Mr Lawson's appearance before a House of Commons Treasury and Civil Service Committee...

The week has seen a fall of 25.4 points in the FT-SE 100 as the market extended the fall announced at the end of the previous week...

However, statistics on institutional cash flow in equities produced by Salomon Brothers International suggest that the big funds have maintained a positive view on the market...

Table titled 'FINANCIAL TIMES STOCK INDICES' showing various indices like Government Secs, Financial Interest, Gold Mines, etc.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

albeit cautious - stance. The Salomon data shows an inflow of \$87.6m into equities during the week...

Other UK stocks added about 1/2% on the day, but traders stressed the gains reflected the response to the Treasury '88 redemption programme...

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Table titled 'LONDON TRADED OPTIONS' showing various options like Allied Lines, Biff. Airways, etc.

problems in the US continued to weigh heavily on Dow Jones Printing Sciences which dipped 11 more to 297p.

CGKN, unsettled by a revival of currency worries, came on offer and fell away to close 8 down at 282p.

Food shares were dull, Tate and Lyle losing 3 at 722p and Dalgety 5 at 281p.

Composites lost ground across the board as did insurance brokers. Rankine & Scott were particularly unsettled in the latter sector...

Other UK stocks added about 1/2% on the day, but traders stressed the gains reflected the response to the Treasury '88 redemption programme...

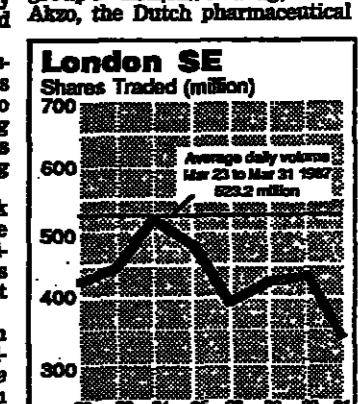
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Table titled 'NEW HIGHS AND LOWS FOR 1987/88' showing various stock prices and movements.



company. Beckett and Colman, however, held up reasonably well, closing on a shade higher...

Starhouse, 1.6m shares traded, rose 6 more to 232p with stories that Next will eventually bid for the group...

Comment on the preliminary figures prompted fresh bullishness in Maxwell Communication which gave up 7 further to 282p.

Properties gave another steady performance. Among the occasional noteworthy movements, Merivale Moore moved up 10 to 860p in a restricted market.

Traded Option volume was lower still, the total number of contracts falling to 24,447 comprising 14,819 calls and just 9,628 puts.

Quieter conditions prevailed in the Traditional option market. Stocks to attract money for the call included Rock, Eagle Trust, Bristol Channel Ship, Cambian Ventures, Chancery Securities, etc.

Prices taken at 5pm and change is from previous close at 5pm

Handwritten signature 'cheerful' at the bottom of the page.



LONDON STOCK EXCHANGE

DEALINGS

Details of business done below have been taken with consent from the London Stock Exchange (LSE) and should not be regarded as an indication of the FT's view.

Corporation and County Stocks

Greater London Council 10% Deb 2008 - 210 (184/88)
London County Council 10% Deb 2008 - 210 (184/88)

Foreign Stocks, Bonds, etc.

Alloy International Building Society 10% Deb 1993 - 1102 (214/88)
BTP Capital BV 17% Deb 1989 - 1015 (214/88)

Banking and Discount Companies

Bank of London 10% Deb 2008 - 210 (184/88)
Bank of Montreal 10% Deb 2008 - 210 (184/88)

Breweries and Distilleries

Beck's Brewery 10% Deb 2008 - 210 (184/88)
Carlsberg Brewery 10% Deb 2008 - 210 (184/88)

Coal and Oil

British Coal 10% Deb 2008 - 210 (184/88)
Esso Petroleum 10% Deb 2008 - 210 (184/88)

Construction

Amey 10% Deb 2008 - 210 (184/88)
Balfour Beatty 10% Deb 2008 - 210 (184/88)

Electricity

British Energy 10% Deb 2008 - 210 (184/88)
Central Electricity Generating Board 10% Deb 2008 - 210 (184/88)

Engineering

British Aerospace 10% Deb 2008 - 210 (184/88)
GEC 10% Deb 2008 - 210 (184/88)

Food and Drink

British Food 10% Deb 2008 - 210 (184/88)
Unilever 10% Deb 2008 - 210 (184/88)

Gas

British Gas 10% Deb 2008 - 210 (184/88)
Scottish Gas 10% Deb 2008 - 210 (184/88)

Healthcare

British Medical Association 10% Deb 2008 - 210 (184/88)
NHS 10% Deb 2008 - 210 (184/88)

Insurance

British Insurance 10% Deb 2008 - 210 (184/88)
Lloyds 10% Deb 2008 - 210 (184/88)

Media

British Broadcasting Corporation 10% Deb 2008 - 210 (184/88)
News International 10% Deb 2008 - 210 (184/88)

Metals

British Steel 10% Deb 2008 - 210 (184/88)
British Iron 10% Deb 2008 - 210 (184/88)

Oil

British Petroleum 10% Deb 2008 - 210 (184/88)
Shell 10% Deb 2008 - 210 (184/88)

Telecommunications

British Telecom 10% Deb 2008 - 210 (184/88)
Telecom International 10% Deb 2008 - 210 (184/88)

Transport

British Airways 10% Deb 2008 - 210 (184/88)
British Rail 10% Deb 2008 - 210 (184/88)

BOC Group PLC 5.5% Cum Prt 81 - 88

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Registered Housing Associations

Registered Housing Associations
Registered Housing Associations

Financial Trusts, Land, etc

Financial Trusts, Land, etc
Financial Trusts, Land, etc

Plantations

Plantations
Plantations

Registered Housing Associations

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Registered Housing Associations

Financial Trusts, Land, etc

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EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Vol, Last, and Bid/Ask prices for various options contracts.

TOTAL VOLUME IN CONTRACTS: 24,499

BANK RETURN

Table showing banking department liabilities and assets, and issue department liabilities and assets for March 30 1988.

BASE LENDING RATES

Table listing base lending rates for various banks and financial institutions.

LEADERS AND LAGGARS

Table showing percentage changes for various market indices and sectors.

RISES AND FALLS

Table showing rises and falls for various market indices.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Large table listing authorized unit trusts with columns for name, manager, and other details.

Advertisement for 'DESIGN IN BRITISH INDUSTRY' by Financial Times, featuring Clare Reed and contact information.

Handwritten text at the bottom of the page.











FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Investment Objective, and Performance Data.

Table of London Share Service, listing various share funds and accounts with columns for Name, Investment Objective, and Performance Data.







LONDON SHARE SERVICE

INSURANCES - Contd

Table listing insurance companies and their share prices.

PAPER, PRINTING, ADVERTISING - Contd

Table listing paper, printing, and advertising companies and their share prices.

TEXTILES - Contd

Table listing textile companies and their share prices.

TRUSTS, FINANCE, LAND - Contd

Table listing trusts, finance, and land companies and their share prices.

OIL AND GAS - Contd

Table listing oil and gas companies and their share prices.

MINES - Contd

Table listing mining companies and their share prices.

LEISURE

Table listing leisure companies and their share prices.

PROPERTY

Table listing property companies and their share prices.

TOBACCO

Table listing tobacco companies and their share prices.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies and their share prices.

TRUSTS, FINANCE, LAND - Contd

Table listing trusts, finance, and land companies and their share prices.

OVERSEAS TRADERS

Table listing overseas traders and their share prices.

PLANTATIONS

Table listing plantation companies and their share prices.

MINES

Table listing mining companies and their share prices.

THIRD MARKET

Table listing third market companies and their share prices.

Table listing third market companies and their share prices.

NOTES

Stock Exchange listing classification are indicated to the right of the company name. The following notes apply to the listing of shares on the London Stock Exchange.

REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks and their share prices.

TRADITIONAL OPTIONS

Table listing traditional options and their share prices.

A selection of options traded is given on the London Stock Exchange Report Page.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft trade companies and their share prices.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publisher companies and their share prices.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising companies and their share prices.

SHIPPING

Table listing shipping companies and their share prices.

SHOES AND LEATHER

Table listing shoes and leather companies and their share prices.

SOUTH AFRICANS

Table listing South African companies and their share prices.

TEXTILES

Table listing textile companies and their share prices.

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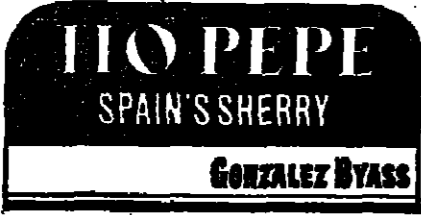
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High prices trigger European gold rush

A RUSH has started in western Europe to recover precious metals that miners in ancient times failed to find. The boom has been encouraged by the high price of gold, new mining technology and the fact that Europe has been experiencing a long period of peace. Enxet International's claim this week that it has discovered the first significant gold and silver resource in Scotland seems bound to accelerate the process. Enxet also hopes to start producing gold from its prospect at Sperrin Mountain, Cullinagh, Northern Ireland, next year. In Spain the Filon Sur company is this month beginning a project to extract 12,000 troy ounces of gold a year from old mining dumps in the Tharvis area of Andalusia. Mining has been carried out there for 3,000 years, making it one of the world's oldest mining areas still in production. The Romans mined silver there, and some of the Roman excavations are clearly visible at the site. Nearby, at Almeria in south-east Spain, a joint venture company owned by Antofagasta and Cliff Mineral Exploration is reopening the long-established Rodalquilar gold mine. It expects to produce 40,000 ounces a year from this autumn. Sandhurst Mining, an Australian company, hopes it has found

Kenneth Gooding reports on the search for precious metals that have eluded miners since ancient times

a big gold deposit in the Greek mountains. It says one of its three prospects was last mined by the father of Alexander the Great. Vancouver company, Micham Exploration, has located gold at Densitis in Switzerland and is trying to establish whether it has commercial possibilities. In the Irish Republic, where gold has been known to be present for years, more than 20 companies own prospecting licences. Dana Exploration hopes to find copper as well as gold and silver. Kennam Resources says it has found traces of gold near the Pary Mountains. Mr David Hood, chairman of Dana, is also chairman of Europa Minerals, a company set up to seek precious metal deposits in Europe. He points out that western Europe has been one of the major sources of precious metals throughout history. Spain produced about 1,000 tonnes of gold in the Roman era and Rome paid its soldiers with the yellow metal. But the focus had changed since the Middle Ages, because Europe had become a continent at war. Exploration shifted to the

overseas colonies created by the European powers. Now, however, Europe is politically stable. Political and social upheavals have begun to increase in countries which have been suppliers of precious metals. The spread of the European Community concept is also encouraging countries to allow more foreign investment in their natural resources industries. Europe has two joint ventures, in Spain and West Germany, and both are looking for gold. In Germany, Mr Hood says, there is potential for another joint venture, to find platinum. The upsurge in activity is possible only because of modern technology. Mr Hood says: "Without it, you simply could not detect platinum or micro-fine gold." That means particles of gold invisible to the naked eye which are spread thinly through the ore body. All mining projects carry a great deal of risk for investors, and they take time. Mr Hood says it would not be reasonable to expect Europe to be producing precious metal within about six years. There are also many pitfalls between discovering precious

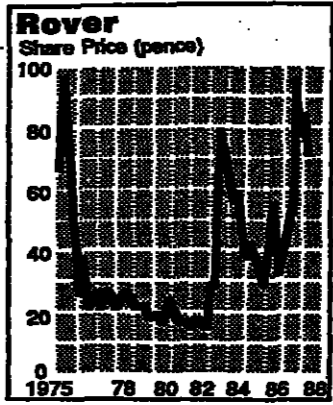
metal and turning the project into a viable venture. Filon Sur is using heap-leaching, electro-winning carbon-absorption techniques first developed in Nevada in the late 1970s. In that process suitable coarse-grained ore is piled on to an impermeable plastic pad and sprinkled with a weak cyanide solution. The precious metal is leached out. The solution is put into tanks containing carbon granules usually made from coconut shells. An electrical charge is passed through the mixture, and the gold transfers itself to the carbon. Filon is processing 5.67m tonnes of ore. Each tonne contains only 1.87 ounces of gold and 37.64 ounces of silver. However, the recovery cost of the gold is about \$800 an ounce compared with recent London prices in the region of \$450. So Filon should recover its \$8m (£2.67m) capital outlay in two years, and the project has a life of at least 10 years and possibly 15. Mr Michael Foster, managing director of Thorco Resources, claims the project proves that gold can be recovered from previ-

THE LEX COLUMN

Sterling puts the screws on

Everyone may have tiptoed off on Thursday for an early holiday, but the markets went on behaving peculiarly all on their own. The result was equities yet lower and sterling yet higher, to say nothing of a distinctly queasy tone on Wall Street. From London's viewpoint, the tricky bit is that the latest US unemployment figures - showing a fall to 5.6 per cent in March, the lowest since this decade - came out yesterday, and Monday has the US purchasing managers' survey and the resumption of foreign exchange trading in Tokyo. Quite a lot could happen while London munches its Easter eggs. Sterling's behaviour is particularly bizarre. Its new peak on Thursday of DM3.125 comes, it must be recalled, after a cut in base rates and the worst and then second-worst trade figures in British history. Some of this may be simple bloody-mindedness on the market's part; the authorities say there is no new ceiling for sterling, and the market thinks this is hokum. Its response is therefore to push on upwards until the authorities are obliged to show their hand. The forecasts now seem clustered around 4 per cent, which these days puts Britain in the same league as the Italians. The simple way to get a German inflation rate instead of a pound is to peg sterling to the German currency. The higher sterling is when you peg it, the quicker you get there. Reducing inflation through the exchange rate worked a treat in the early 1980s, but it had the unfortunate side effect of wiping out claims of British industry. Nothing on the same scale will happen now, but industry has grounds for mild despondency, if sterling should weaken, after all, that simply leaves room for the authorities to bring up interest rates as they have wanted to do all along. This is not to suggest that the Government's policy is other than a mess just now, even on its own terms. The choice ought to be between a stable currency and fluctuating interest rates, or fixed interest rates and a floating currency. At present the interest rate outlook is highly unstable, and sterling is jumping around by a couple of pence a day.

FT Index fell 11.4 to 1386.7 on Thursday



as long as anyone can remember values based on the p/e ratio or the yield are not easy to establish. The market price of the shares will not help much either as they represent only 0.2 per cent of Rover's share capital, not even the most efficient of markets could be expected to reach a realistic conclusion. Indeed, in the 13 years since the company was nationalised, most of the trading in Rover shares has been prompted by the death of the shareholder. Basically what the shares have in nuisance value, and BAE has made it clear it will pay for the privilege of not having to maintain a register of 60,000 names. At the current market price, it would cost them a paltry £2m. Shareholders might count themselves lucky to get anything at all out of a company which has cost the rest of us so dear.

Storehouse

The market has such a low regard for Storehouse at the moment that it was odd to see the share price of the company rise to 10p. It had disposed of its Habitat and Mothercare stores in the Netherlands at a loss of £2.5m. Perhaps the move shows Storehouse is finally addressing its problems: maybe the management buy-out and franchise arrangements were the best way of bringing to an end an unhappy overseas experiment. More likely, however, Thursday's rise was a simple extension of the previous day's rally, prompted more by the company's failures than its successes. The sight of Storehouse at the beginning of the week trading close to its lowest price ever, less than half of the sum Mountleigh offered to pay just six months ago, reminds everyone how vulnerable the company is. Even though Mountleigh cannot be counted on to return, and neither Next nor Woolworth - the two most hotly tipped bidders - seem urgently interested, Storehouse must feel threatened. Since the crash, the company has displayed a useless ability to disappoint. Profits this year seem likely to be closer to £10m than the £130m forecast at the time of the Benlox bid. The group blames the crash, the foam furniture scare, and the one-off costs of reorganising Mothercare's distribution problems. The fact of the matter is that Storehouse has lost its way, and is badly in need of new direction. Mr Julien, who takes over as chief executive in June, says he faces challenges. He is certainly in for one.

Whatever the Takeover Code may say about shareholder equality, the minority shareholders of Rover would do better to argue that some are definitely more equal than others. On the principle that the terms offered to them should be no worse than those offered to the Government, they would presumably end up paying British Aerospace for the privilege of tearing up their Rover share certificates. Professor Roland Smith may have been able to sell such an arrangement to Lord Young, but the vocal Mr Noel Falconer of the Rover private shareholders' association does not intend to pay to see Rover towed away. He thinks the 12.8m shares held by the company's 60,000 individual investors should be worth 24 each, giving Rover a theoretical value of something over £200m - a figure difficult to reconcile with the negative value put on Rover by BAE. At the moment, BAE seems to have no idea what to offer these shareholders. But it is unlikely to waste much time worrying about esoteric issues such as how much the investment is worth; when a company has produced no earnings or dividends to speak of for

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# WEEKEND FT

Saturday 2/Sunday 3 April 1988

MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV

## Poland's holocaust claimed 3m Jews. Edward Mortimer finds that guilt, embarrassment and recrimination remain

THE INVITATION, arriving by telephone from the Polish embassy in London, seemed so incongruous and far-fetched that I had difficulty at first in comprehending it in connection with preparations for the 45th anniversary of the uprising in the Warsaw Ghetto, to be celebrated in April "on as large a scale as possible," would I attend a seminar on the theme of "Jews in Poland before, during and after the war?"

Why a seminar in February for an anniversary in April? Why so much fuss about a 45th anniversary, in any case? Why should Poland, with all its other problems, be using up what must surely be a fairly limited media entertainment budget on the study of one obscure and awkward aspect of its national history? Why invite me?

Even now, I am not sure I know the answers to those questions, least of all the last. I do know that, for a non-Polish gentile, it turned out to be a remarkable experience to visit Poland as part of a group of "Jewish and Jewish" journalists - for such we were, according to those Polish newspapers that reported our presence. Not always a pure pleasure, for the relationship between Poland and the Jews is an acutely sensitive one, tinged not only with immense sadness but also with much guilt, embarrassment and recrimination. Rather like being invited to a funeral at which one side of the family doubts the sincerity of the other's grief, and is even half inclined to hold it responsible for their own demise.

The deceased, of course, in that analogy, are the Polish Jews who perished in the holocaust. Three million people. That is half of the six million Jews killed by Hitler. It is also half of the six million Polish citizens who perished during the war - 18 per cent of the pre-war Polish population, the highest proportion of any of the states involved. At first sight, a neat and terrible symmetry. Should it not be easy for the Jewish and Polish peoples, as first and second on the roll of Hitler's victims, to join hands in a common grief for those three million who belonged to both of them? That indeed is how many Poles would like to see it. But, from the Jewish side any such assertion of symmetry is seen as an insult to the dead, for two reasons.

First, Jews cling with understandable passion to the uniqueness of their people's fate. To lose 18 per cent of your population is not to be commensured to question status and respect of your state, your culture and your educated elite is undeniably a very terrible thing, but it is still not the same as to be sentenced to total, systematic extermination, without exception and without appeal. Roughly 90 per cent of non-Jewish Poles survived the war. Perhaps 15 per cent of Polish Jews did. Between those figures, there can be no symmetry.

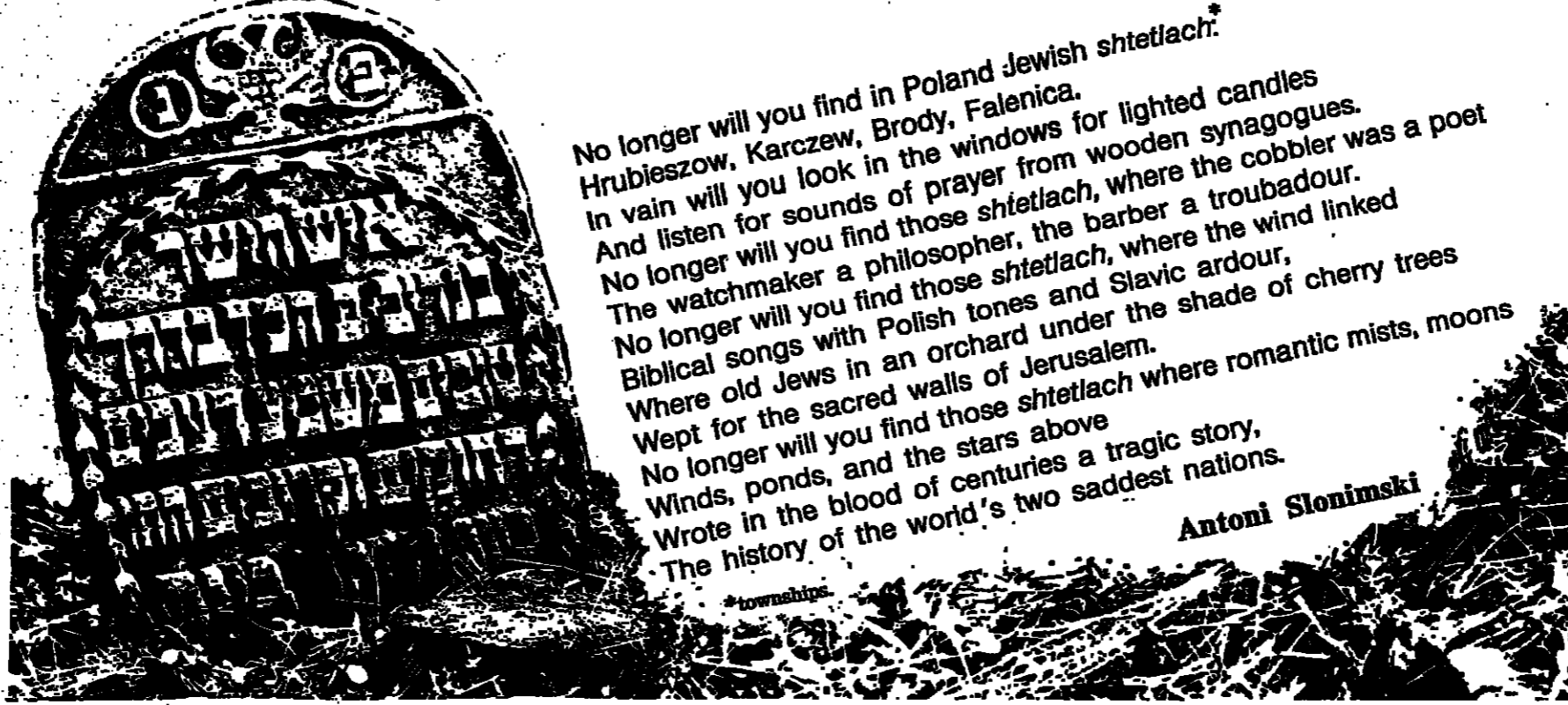
Second, many Jews number the Poles among their enemies. It is said that before the war Poland was next to Germany itself, the most anti-Semitic of European countries. Those three million Polish Jews who perished in the gas chambers had not (it is argued) been accepted as Poles by their fellow-citizens before the war; therefore, it is felt to be inequitable for post-war Poland to number them among its dead - to Polishise them posthumously, so to speak.

Many Jews also feel that non-Jewish Poles could have done more to save their Jewish fellow-citizens during the war. Some even argue that the Polish population was either indifferent to the fate of the Jews or positively rejoiced in it. It seemed to be the view put forward in *Shoah*, Claude Lanzmann's monumental documentary film about the holocaust. It is a view which most Poles vigorously contest and, indeed, resent.

Get into conversation with almost any Pole on this subject and the first thing you will be told is that the Nazi occupation in Poland was much harsher than in any other European country, and that the penalty there for hiding or helping a Jew was summary execution of the entire household, plus deportation for the neighbouring households on either side.

Yes, say the Jews, but the same penalties applied for possession of a radio set, or any part thereof, and more radio sets survived the war than Jews. True, say the Poles, but a radio set was much easier to hide and did not need to be fed. And the fact is that many Poles did save the lives of Jews, in spite of the appalling risks involved. A special medal is awarded by Yad Vashem, the Institute for the commemoration of the holocaust in Jerusalem, to such courageous gentiles, known as Righteous

## The Two Saddest Nations



No longer will you find in Poland Jewish shtetlach.  
Hrubieszow, Karczew, Brody, Falenica.  
In vain will you look in the windows for lighted candles  
And listen for sounds of prayer from wooden synagogues.  
No longer will you find those shtetlach, where the cobbler was a poet  
The watchmaker a philosopher, the barber a troubadour.  
No longer will you find those shtetlach, where the wind linked  
Biblical songs with Polish tones and Slavic ardour.  
Where old Jews in an orchard under the shade of cherry trees  
Wept for the sacred walls of Jerusalem.  
No longer will you find those shtetlach where romantic mists, moons  
Winds, ponds, and the stars above  
Wrote in the blood of centuries a tragic story,  
The history of the world's two saddest nations.

Antoni Slonimski

Among the Nations. One-third of all those awarded it so far are Poles. This part of the argument is not very uplifting for either side, and some of the more sensitive Jews prefer not to pursue it. One of my Israeli companions said very simply that no Jew should condemn Polish behaviour during the war without first asking himself whether he would have risked the lives of his own family in order to save a Pole. She herself knew, she said, that she would not have done so.

But what Jews find it hardest to forgive the Poles for, and what Poles find hardest to explain away, is what happened after the war, particularly the pogrom that broke out in Kielce in 1946 against Jewish survivors of the holocaust who came back and attempted to re-occupy their houses and shops (which non-Jewish Poles had meanwhile taken over). And even after that, in 1967-68, Poland's Communist leader, Wladyslaw Gomułka, accused the remaining Jews in Poland of being a fifth column in support of Israeli aggression, and encouraged a wave of anti-Semitic agitation as a weapon against intellectuals who were defending freedom of speech. The result was that virtually all the remaining Jews in Polish public life - particularly in universities, and in the Communist Party itself - were dismissed from their jobs and forced to leave the country.

All of which helps to explain why most of my Jewish colleagues had distinctly mixed feelings about accepting an invitation from the Polish government to come to study Jewish history in Poland. For several of them it was an invitation to visit the land of their fathers, even their own childhood home which they had not seen for 50 years, but also, and above all, the land where

their family and their people had perished - and this applied even to those not of Polish origin, since it was to death camps in Poland that the Nazis brought Jews from all over Europe for extermination.

Joseph Finklestone, foreign editor of the Jewish Chronicle, told me he had long hesitated before agreeing to come to Poland because "it's the graveyard of three million people." Anka Shamir, from Israeli radio, said after we had visited the Jewish cemetery in Warsaw: "I don't want to see any more graveyards. The whole country's a graveyard as far as I'm concerned."

And yet, the symbolism of those cemeteries was irresistibly poignant as we paced through them in the soft-falling snow. Of course, the three million are not there. Their charred bones were shovelled into mass graves near the death camps. Those buried in the cemeteries mostly had the good luck to die before the Nazis arrived. They died surrounded by the love of their families and the esteem of a large, prosperous, dynamic Jewish community. The monuments, in a wild variety of styles and sizes, and the epitaphs - some in Hebrew, some in Yiddish, some in Polish - bear ample witness to that; and in so doing they make you aware of the full dimensions of the tragedy. What perished in Poland between 1898 and 1945 was not just three million or six million or even nine million individuals, unimaginably terrible though that thought is, but a whole community, a people - in most senses of the word, a nation.

The Poles themselves, it seems, have begun to discover this, after for a long time treating the fate of the Jews as merely an episode in their own long history of suffering. Many witnesses

confirmed to us that in the past few years there has been in Poland, especially among young people and the intelligentsia, a tremendous flowering of interest in Jewish history, religion and culture. My Jewish colleagues clearly found this difficult to understand. Poland is already famous for having kept alive "anti-Semitism without Jews." Now, they were confronted with the similarly baffling phenomenon of "philo-Semitism without Jews." Yet, perhaps it is not so strange, once two things are understood: the sheer size and vigour of the pre-war Jewish community in Poland and the importance of its role in Polish life; and the determination of modern Polish society to emancipate itself from the dead hand of communist ideology and reassert its continuity with the Polish past.

It must be remembered that communist rule in Poland meant a break with the past more absolute than in any other country. Even the country's geographical situation was changed arbitrarily. Poland was booted unceremoniously 150 miles westwards across the map of Europe. At the same time, the legitimacy of the pre-war republic, and the wartime government that issued from it, was denied arbitrarily; the Home Army, which had fought the Germans under that government's orders, was proscribed and its leaders tried as war criminals. Even the Communist Party did not provide continuity, for Stalin had dissolved it and executed its leaders, for alleged Trotskyism, in 1953. The new order imposed on Poland in 1945 was new in every respect.

So, the rediscovery of the pre-war past has been a crucial aspect of Poland's

self-emancipation in the age of Solidarity. According to Kostek Gabart, one of a tiny handful of Poles of the post-war generation to have rediscovered their Jewish identity, even to the point of practising the religion: "The Poles have gone back before 1939 looking for their historic identity, and what did they find? They found the Jews. They found that Jews played a much bigger part in Polish history and culture than they had realised; and so, in falling in love with the Jews, the Poles have really fallen in love with themselves."

In the words of Adam Michnik, a leading victim of the 1988 purge (but one who, instead of going abroad, stayed home - at the price of repeated prison sentences - to become one of the foremost political thinkers of the opposition), the present wave of official philo-Semitism is simply "anti-Semitism in reverse." He says: "Whereas in 1968 they thought that Jews were a big power in the world, and that pure communism had to be defended against Zionism and so on, now our Secretary thinks that Jews are a big financial power and that he can get big credits by philo-Semitism - which is equally idiotic."

In Michnik's view, though, the Communist Party is not capable of admitting the full extent of what went wrong in 1968 because to do so would involve admitting that virtually all those now in power (including General Jaruzelski himself) went along with it; and that dissidents like himself, who were expelled from the university and sent to prison, have been in the right all along. This view would seem to be borne out by the very tame statement which the Party eventually issued, after many nods and winks, on March 2, the 20th anniversary of those events; and by the fact that Professor Kazimierz Kukul, one of the leaders of the anti-Semitic campaign in 1968, is now head of the official commission to investigate Nazi crimes and, as such, was thought a suitable person to meet our group and present us with a programme of films on Jewish themes.

That did not cause such a scandal as it might have done, for the simple reason that the group was unaware of Kukul's background when it met him. But many members were offended when Professor Henryk Jablonski, a former president of Poland who now heads the committee in charge of celebrating the 45th anniversary of the Ghetto Uprising, replied to a question about "reconciliation" between Poles and Jews by asserting that no reconciliation was necessary since both peoples had been "on the same side of the barricade." Luckily, a much more dignified answer to the same question was given by Professor Jozef Gierowski, former rector of the Jagiellonian University in Krakow, who has set up a Centre for the Study of the History and Culture of Polish Jewry.

He did not like the word reconciliation, he said, because it implies the existence of two sides. "We need to deepen our knowledge of the history of our relations in Poland. Every Pole should know what is Kielce. Every Pole should know what was really the Jewish culture and religion. If it could in some way open the way to what you call reconciliation, it would be good, but what can we say about reconciliation with people who no longer exist? Our task is quite different. It is to ensure that the memory of this people remains forever in our country."

"The Two Saddest Nations," translated by Antony Polonsky, founder and president of the Institute for Polish Studies, Oxford.

The Long View

## Life, just a euphemism for death

LIFE ASSURANCE is an extremely successful industry. In 1986, the last year for which figures are available, there were 80m premium paying policies in force in the UK. The total annual premium income that year was £18.3m, having doubled in four years, and in 1987 it undoubtedly climbed significantly further. The sheer size and power of the life assurance business made it inevitable that it should be granted a special status when the new regulatory framework for the investment industry began to be formulated in the mid-1980s. A separate advisory committee, headed by life assurance interests, the Marketing of Investments Board Organising Committee (Miboc), was formed, and although this was eventually rolled into the parent Securities and Investments Board, its effect was lasting.

Key privileges of life assurance marketing, such as the freedom to make "cold calls" on prospective clients, were retained; the unwieldy polarisation principle, involving the strict separation of intermediaries into independent and tied agents, was a compromise which solved a problem for the life offices (but created one for the banks and building societies).

Barry Riley thinks the life assurance industry has its qualities but has created an introverted culture and too many barriers to understanding. Nevertheless, he argues, it is stronger than it thinks.



Fair Trading, has attacked with some apparent relish - the opaque structure of commission, way that the life assurance industry is finding it progressively harder to impose its own customs and practices upon the rest of the retail investment industry.

How did the life assurance industry come to monopolise itself into this corner? One immediate reason is that its very success in selling products over the years has encouraged the over-development of its marketing side, which has become too

expensive. Moreover the industry has become complacent under the benign regulation of the Department of Trade and Industry. The DTI has interpreted its investor protection responsibilities in very broad terms of preventing insolvency or major fraud, not in detailed terms of monitoring product design or trading practices.

For an idea of the difference in emphasis, look at what happened last year when the DTI passed the unit trust industry, which it had also been responsible for, over to the SIB. The latter found, among other things, that unit pricing practices were often damaging to the interests of continuing investors, and that trustees were sometimes falling down on their job.

Thanks to the European Community's rules the life assurance sector has been spared the SIB's full attentions. Only the marketing side is covered by the Financial Services Act. In other respects the DTI will presumably continue to preside myopically over an industry in which euphemism, conflict and opacity are far too prevalent.

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only at maturity. These can push a life office well up the league table of the top 25 years. But since the vast majority of policies are surrendered before the 25 years are up (the amount paid in surrenders is four times as much as is paid out on death and maturity claims) the tables give a way exaggerated impression of what the typical investor, actually receives.

Then there is the question of what happens inside life funds. How are returns allocated between one product and another? How selectively are costs loaded on to competitive product areas where there is a need for good investment performance and compared to those where the pressures are lower?

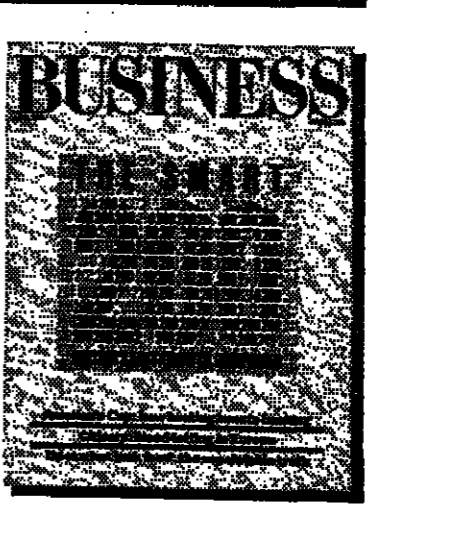
The life assurance industry is full of gossip, no doubt exaggerated, about how the return on one product or another has been manipulated. If it happens, it is no doubt for commercial reasons than because of anything that could be regarded as dishonesty. But should the investor not be protected against arbitrary decisions to adjust bonus structures or rebalance costs?

It would be quite wrong to portray the life assurance industry as the haunt of thieves and rogues. The industry has a proud record as the promoter of regular small savings for the masses and of protection for families. It looks after some £200bn of investors' money with considerable security and success.

## RAT CATCHING, GARBAGE COLLECTING, DRUG DEALING

(and 197 other ways to be one of the 200 smartest companies in Britain).

This month we're lifting the lid off the 200 fastest growing companies in Britain. Some of them may sound a little obscure today, but from our list will undoubtedly emerge the Hansons and BTs of tomorrow. Which ones? And why? Thirty pages of detailed analysis will give you the answers. Also we'll be taking a look at the extraordinary comings and goings at Citicorp, Birmingham, big yachts in the America's Cup, huge container ships from Taiwan, junk food. And as a perk we feature a special report on company cars. BUSINESS Magazine - once again you simply can't do business without it.



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MARKETS

# Uncertainty mars the holiday mood

FORGET ALL those frolicking lambs, bounding bunnies, chirping chicks and other Easter images of youthful optimism. This holiday weekend, the mood of the London equity market is one of a very adult nervous uncertainty.

That is hardly surprising, given the trend of share prices over the past fortnight. After topping 1,850 two weeks ago, the FT-SE 100 index has been on a downward path ever since. True, the past week has seen a decline like the precipitous decline of the week before, which was triggered off by a sizeable rights issue from Lucas and sterling's continued strength. But, despite rallies, the overall direction over the past few days has been gradually lower, with the FT-SE ending the short Easter trading week down 25.4 at 1,742.5.

In considerable measure, London has simply been tracking Wall Street, where concern over the outlook for the dollar and inflation has pulled the indices down. On both sides of the Atlantic, the fear remains that the US could lead the way into a global recession and a much nastier phase of the bear market. However, domestic factors have also been blamed for this week's equities. In particular, the far-ther-than-expected surge in the value of sterling following last month's removal by the Government of the unofficial DM3 ceiling. This has hit the large blue chip exporting stocks especially hard.

Sterling shot ahead on Thursday to close at DM3.1252 following a statement by Nigel Lawson, the Chancellor, emphasising strongly the Government's commitment to fighting inflation.

To this end, he said, the breach in the DM3 ceiling represented a necessary tightening in Government monetary policy, although the Bank of England would be prepared to intervene in foreign exchange markets when appropriate.

The markets can only guess at how far the Government will be prepared to let sterling rise, or whether it might trigger a further cut in interest rates to take the heat off the currency.

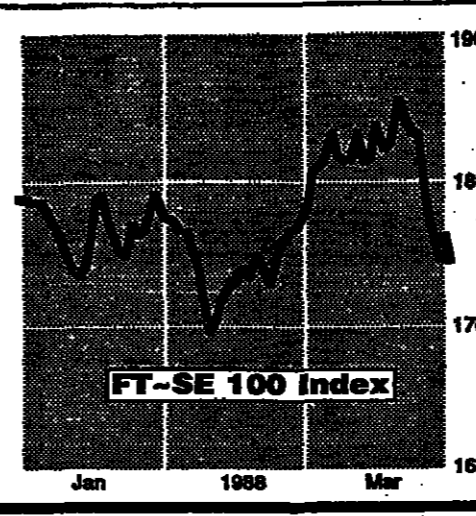
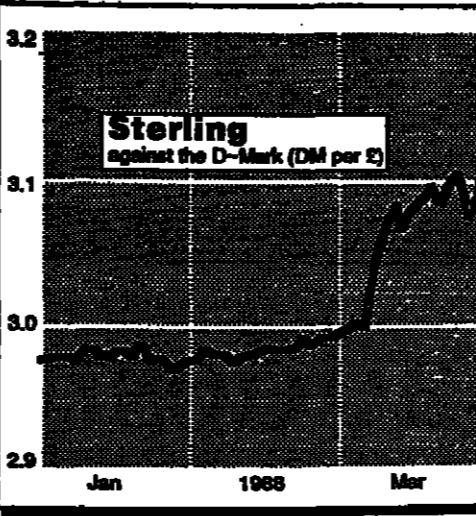
For the moment, though, the pound's buoyancy and the Government's emphasis on the drive against inflation is good news for the retailing sector, announced a 39 per cent increase in full-year earnings per share even though it has issued a lot of equity over the past 18 months to fund its acquisition of Grattan, the mail order group, and Combined English Stores.

There was also good news of the innovative home shopping catalogue it launched at the start of this year: sales totalled £20m in the first 10 weeks, exceeding expectations, and the first catalogue is now expected to make a profit rather than just break even.

The news from Standard Chartered, the troubled international banking group, could hardly be classified as good - a £274m pre-tax loss for 1987 because of bad debts in overseas markets. Still, City took some comfort from the fact that the announcement was not as bad as it might have been. There had been fears that Standard would become the first major UK bank in living memory to cut its dividend.

In the event, the dividend was maintained - and the director said this was a sign of their confidence that 1988 would see an improvement in the bank's fortunes. But Standard still has a long way to go to get into a strong operational and financial shape. In particular, its capital ratios are in urgent need of repair and the City is assuming this will mean a rights issue of £200m or more later this year.

However, the most remarkable corporate news of the week - indeed, of the year was the announcement of the terms British Aerospace has negotiated to buy Rover Group, the state-owned vehicle-maker, from the Government. These seem extraordinarily generous to BAe: it will receive £180m, with the Government writing off past debts and injecting a further £300m in fresh aid into the business.



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## COMPANY NEWS SUMMARY

Company	Value of bid (£m)	Market value (£m)	Price bid (p)	Value of bid (£m)	Notes
British	303	250	2.52m	NP	
City Merch Dev	92	89	100	89.70	Buy Ltd.
Ext. Prop. Inv.	260*	271	230	63.04	Finney Ind.
Ext. Prop. Inv.	270*	271	265	63.47	Gilvick
Franklin Group	19,525*	193	170	66.39	Thompson Tel.
Gas Group	240*	245	240	35.47	Dryvill
Healthcare Group	375*	369	341	84.19	Haworth Chic
Kennedy Brokers	410*	408	391	173.35	Trusthouse Forte
Morgan Guar.	1319	140	138	14.06	Woolwichers Int.
Morson Holdings	64*	61	53	6.57	Tanquer
Rover Group	27*	61	53	148.77	Brit. Aerospace
Schaeff. Int.	161	160	140	15.76	Stoddard
Telecom	200*	200	190*	185.73	Atlantic Rich.
Wiggins	225*	225	209	16.00	Deane

\*All cash offers. Cash alternative. Partial bid. Offer capital not already held. †Based on 2.50 pps. ‡Based on 31/3/88. ††Based on offer. Low stock. †††Suspension. ††††Shares and cash. †††††Related to NAV to be determined. †††††Wagon stock.

## PRELIMINARY RESULTS

Company	Year	Pre-tax profit (£m)	Basic EPS (p)	Dividend (p)
Abelton Group	Dec 935	(688)	16.1 (22.1)	4.6 (-)
Amalgamated	Dec 7,900	(5,109)	11.1 (11.1)	6.8 (6.5)
American Int	Jan 8,150	(8,520)	4.6 (4.7)	3.4 (3.3)
Aras Energy	Dec 1,240	(400)	1.6 (0.01)	- (-)
Arrol-Johnston	Dec 612	(243)	6.2 (2.4)	0.9 (0.7)
Asbury Holdings	Dec 402	(297)	1.1 (0.9)	0.2 (0.2)
Anglo Group	Dec 3,410	(2,110)	22.8 (16.2)	5.1 (5.7)
Aspen Docters	Dec 657	(543)	48.1 (40.4)	10.0 (9.0)
Asst. Int	Dec 304	(1,040)	- (-)	3.5 (3.0)
Barclays Bank	Dec 1,220	(1,050)	10.0 (7.9)	4.5 (4.0)
Belmont	Dec 6,660	(2,878)	2.6 (2.4)	0.7 (0.8)
Bestwood	Dec 378	(5,310)	- (-)	2.0 (-)
Black AAC	Dec 617	(533)	30.9 (25.6)	12.0 (10.7)
Boddington	Jan 14,460	(14,420)	10.5 (9.9)	4.0 (3.7)
Bovril	Dec 4,500	(3,400)	11.2 (10.2)	4.5 (4.0)
Brace	Dec 9,110	(7,320)	11.5 (10.4)	5.2 (4.6)
Bracewell	Dec 20,800	(7,170)	27.5 (13.6)	8.0 (4.6)
Brit. Aerospace	Dec 159m	(182,000)	- (-)	(51.4) (8.7)
British System	Dec 4,280	(2,770)	10.0 (7.9)	4.5 (4.0)
Brush Services	Dec 1,620	(1,110)	11.2 (8.7)	4.2 (-)
BSG Int	Dec 18,030	(11,820)	- (-)	2.0 (1.4)
Cambridge Int	Nov 700	(420)	- (-)	0.0 (-)
Canover Invest	Dec 1,210	(895)	10.7 (8.2)	9.0 (7.0)
Canover Int	Dec 1,260	(830)	19.1 (9.6)	5.3 (4.0)
Cheshire Int	Dec 32,500	(18,330)	45.4 (23.7)	13.0 (7.5)
Chiswick	Dec 1,530	(693)	9.9 (3.3)	3.5 (3.1)
Chrysalis	Dec 5,030	(4,520)	20.2 (19.6)	8.8 (8.0)
Chrysalis Int	Dec 21,890	(12,780)	31.9 (25.9)	7.7 (5.7)
CSC Invest Ltd	Dec 34	(348)	9.5 (8.0)	10.0 (9.3)
Daniels S	Dec 572	(1,010)	4.7 (9.4)	3.2 (-)
Davies & Motson	Dec 819	(653)	9.5 (-)	2.4 (0.6)
Derwent Valley	Dec 1,650	(949)	20.0 (4.8)	5.1 (4.7)
Devenish	Dec 68	(1,020)	- (-)	1.5 (1.2)
EBC Group	Dec 2,140	(1,320)	18.6 (12.3)	7.0 (4.7)
Edin Oil & Gas	Dec 290	(710)	- (-)	- (-)
Emmu	Dec 7,710	(4,310)	27.0 (16.0)	8.0 (6.3)
Envest & Gen	Dec 2,710	(1,520)	12.3 (7.9)	3.0 (2.7)
Forward Tech	Dec 1,530	(2,750)	6.3 (4.0)	1.0 (0.7)
Gasford Broad	Dec 1,510	(1,320)	20.3 (17.5)	6.6 (6.0)
Gibbs & Dancy	Dec 1,040	(908)	7.6 (5.8)	2.6 (1.8)
Gold Finance	Dec 3,810	(1,120)	12.3 (7.9)	1.0 (0.8)
Goodman	Dec 6,440	(4,140)	14.0 (10.0)	4.0 (3.8)
Guardian Royal	Dec 165,000	(140,250)	67.2 (63.4)	41.0 (32.5)
Guthrie Corp	Dec 22,600	(16,270)	- (-)	6.2 (-)
Hamson Country	Dec 25,250	(6,270)	6.1 (6.0)	2.2 (-)
Hay New	Dec 1,060	(657)	16.2 (10.0)	5.0 (4.1)
Higgs & Hill	Dec 17,280	(12,190)	31.9 (23.8)	9.0 (7.5)
Hollis	Dec 9,300	(3,600)	9.2 (4.2)	4.0 (-)
Hunting Petre	Dec 7,600	(7,100)	16.8 (17.9)	9.0 (9.0)
Imperial	Dec 1,270	(730)	3.3 (7.2)	2.0 (1.8)
ION Steam Packet	Dec 2,550	(455)	68.0 (12.1)	6.0 (-)
Jacko Williams	Jan 858	(537)	5.5 (4.2)	1.7 (1.3)
James John I	Dec 1,380	(894)	4.9 (3.3)	4.2 (3.9)
James W	Dec 2,100	(320)	24.5 (18.2)	10.0 (9.0)
Johnston Group	Dec 7,280	(6,940)	10.2 (9.1)	10.0 (9.0)
Johnston Int	Dec 45,700	(38,100)	24.3 (25.7)	7.0 (5.7)
Johnston Int	Dec 32,600	(28,200)	25.1 (23.0)	7.7 (7.0)
Johnston Int	Dec 675	(672)	16.2 (15.5)	3.0 (2.3)
Johnston Int	Dec 9,860	(5,000)	15.9 (10.9)	7.0 (6.0)
LASMO	Dec 36,000	(4,400)	12.4 (9.6)	7.7 (7.0)
Lopez	Dec 4,700	(3,240)	16.0 (11.0)	5.0 (4.2)
Macalister-Glen	Dec 1,560	(1,140)	22.3 (16.9)	4.4 (3.8)
Macalister-Glen	Dec 1,510	(1,120)	12.3 (7.9)	3.2 (2.8)
Magnolia Group	Dec 1,080	(1,050)	12.2 (13.0)	4.4 (4.0)
Manders Holdings	Dec 4,900	(5,000)	23.2 (20.6)	11.0 (10.0)
Marley	Dec 55,000	(34,000)	14.2 (8.8)	5.0 (3.9)
Marley Int	Dec 2,100	(1,840)	12.0 (7.9)	7.7 (7.7)
Marley Int	Feb 128	(49)	1.1 (0.4)	0.4 (0.0)
Maxwell Cosm	Dec 166,000	(80,300)	26.7 (22.7)	14.0 (14.0)
Metals Group	Dec 6,840	(4,920)	11.8 (9.1)	5.2 (4.3)
Metals Group	Dec 7,120	(5,240)	18.8 (13.0)	7.2 (5.2)
Merrill Williams	Dec 25,250	(12,780)	17.2 (14.4)	7.0 (6.0)
MY Holdings	Dec 2,770	(2,110)	5.2 (3.9)	1.5 (1.2)
Myson	Dec 20,600	(16,780)	16.7 (13.9)	5.4 (4.0)
Namor BNA	Dec 2,790	(2,150)	5.9 (3.2)	- (-)
New East Frig	Dec 1,100	(820)	4.2 (3.9)	- (-)
Newey Group	Jan 2,200	(1,210)	63.8 (46.7)	- (-)
Next	Jan 92,400	(42,292)	19.1 (15.9)	7.2 (-)
Norah	Dec 2,120	(1,750)	29.3 (23.3)	10.5 (9.1)
OT&T	Dec 11,200	(6,200)	24.2 (21.9)	9.0 (8.0)
Pearson	Dec 151,800	(121,100)	46.7 (37.4)	15.0 (12.0)
Peak Hidge	Dec 2,510	(1,480)	1.6 (1.3)	0.3 (-)
Pharmec	Dec 41,100	(34,770)	27.8 (26.0)	9.1 (8.5)
Pharmec	Dec 2,530	(782)	2.8 (1.9)	0.5 (0.4)
Quick E&J	Dec 2,930	(1,250)	38.6 (19.5)	8.0 (4.0)
Rafson Group	Dec 3,930	(2,880)	16.4 (10.7)	4.9 (4.0)
Rafson Group	Dec 5,380	(4,110)	17.7 (15.0)	6.0 (4.0)
Reckitt & Colman	Dec 10,000	(6,210)	16.6 (13.7)	5.0 (4.0)
Reckitt & Colman	Dec 3,710	(2,010)	25.6 (15.7)	4.5 (3.3)
Reckitt & Colman	Dec 61,800	(46,600)	15.6 (13.8)	7.3 (6.5)
Reckitt & Colman	Dec 380	(479)	5.7 (7.3)	6.0 (6.0)
Standard Chart	Dec 274m	(25,000)	11.0 (7.5)	3.7 (3.0)
Stanley AG	Jan 5,280	(1,500)	11.0 (7.5)	3.7 (3.0)
Steeley	Dec 60,270	(44,270)	30.9 (22.6)	9.2 (7.7)
Sun Life	Dec 20,900	(17,400)	- (-)	33.6 (27.6)
Svensson Dodge	Dec 7,360	(6,850)	4.2 (3.5)	- (-)
Talpole Tech	Dec 348	(75)	- (-)	- (-)
Tilbury Group	Dec 8,890	(5,280)	30.7 (20.8)	9.2 (6.8)
Turrit Corp	Dec 2,410	(1,250)	30.8 (21.2)	10.0 (8.3)
United Newspaper	Dec 26,600	(6,500)	36.2 (25.3)	19.0 (16.5)
UTC Group	Dec 3,000	(1,470)	15.8 (10.5)	0.0 (-)
Watts Blake	Dec 6,520	(5,600)	21.7 (18.8)	6.1 (5.3)
Wells Group	Dec 13,210	(10,500)	17.8 (14.2)	4.5 (3.5)
Waters Vessels	Dec 709	(522)	24.9 (17.0)	1.0 (0.4)
Waters Vessels	Dec 4,830	(1,530)	11.0 (8.0)	0.2 (0.2)
Whitlington	Dec 501	(1,371)	19.1 (24.7)	11.5 (10.7)
Wills Faber	Dec 60,900	(27,470)	19.1 (24.7)	11.5 (10.7)
Wills Group	Dec 1,270	(2,230)	6.7 (13.2)	4.0 (6.4)
Wimsey George	Dec 95,800	(66,300)	25.1 (18.4)	6.7 (4.7)
Wimsey George	Dec 1,140	(1,820)	9.1 (6.7)	2.1 (1.4)
Young's Carpets	Dec 525	(164)	1.0 (0.8)	- (-)

## INTERIM STATEMENTS

Company	Half-year	Pre-tax profit (£m)	Basic EPS (p)
AB Electronics	Dec	6,330	(3,160)
Barratt Henry	Feb	1,380	(675)
Bennett & Foundale	Dec	2,840	(1,260)
Bischoffs	Dec	857	(254)
Belmont Gandy	March	423	(42)
Cable Communication	Dec	401	(354)
Cooper Frederick	Jan	2,330	(1,720)
Ferry Pickering	Dec	1,420	(1,230)
Electric Oil & Gas	Dec	292	(6,500)
Lloyds Chemicals	Dec	1,660	(302)
Magnetic Materials	Dec	248	(806)
Merica Int Prop	Dec	1,490	(245)
Metals Group	Dec	709	(522)
Relax Industries	Dec	4,830	(1,530)
Really Useful	Dec	2,900	(2,500)
Shoelace	Oct	152	(127)
Trustfund Park	Dec	1,600	(1,590)
Young's	Dec	951	(666)

(Figures in parentheses are for the corresponding period.) Dividends are shown net of tax. Share prices are shown as at the end of the period. † = loss; †† = tax; ††† = this year's figures for 1988.

## RIGHTS ISSUES

Power Corporation are to raise £16.4m via a one-for-two rights issue at 91p. S&P Industrial Holdings are to raise £2m via a one-for-three rights issue at 30p.

## OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Anglo American Agriculture are to join the Main Market via a private placing in June. Body Shop are to raise £9.6m via a placing of 2.03m shares at 480p. Robbers Technology are to join the USM via a placing of 925,000 shares at 140p.

## What to do if deals go sour

JUDGING FROM readers' letters, there is a sizeable army of disconsolate private investors whose experience of the Over-the-Counter Market has been less than happy. It is not that they have lost money - it is that they have been misled by the practices of some OTC dealers.

One retired reader, a former Lloyds registered surveyor, had an unenviable investment experience with a stock called Barbican Holdings. On January 4, he was sold 50,000 shares at 2p each by Harvard Securities. Three days later he recalls Harvard called him again and tried to persuade him to double his holding at 2.75p a share.

Although he claims he refused, he received an account from Harvard showing he was supposed to have bought a further 50,000 shares. He took the matter up with the firm, which apparently replied that it had a record of the transaction on tape. "I don't care what they say they have on tape," he says. "I did not buy those shares. I was misled. I took the matter to his solicitor, whose requests to hear the tape failed to produce any action. He also wrote to the Financial Times.

When the FT talked with Tom Wilmoth, on Tuesday, he was very helpful. "We tape everything," he confirmed, "and we are very happy to give a copy of the tape to clients. In this case, we are talking about a very nominal sum of money. If your reader rings, I'll sort it out. These things can happen."

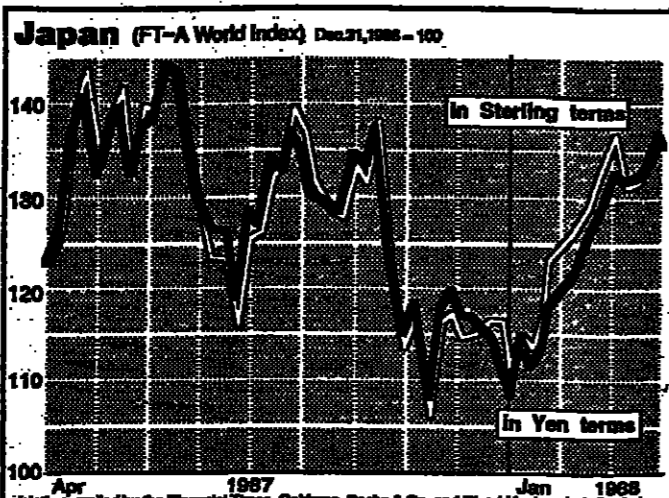


MARKETS

# Tokyo tilts at a psychological barrier

IN COMPARISON with New York and London, the Tokyo stock market this week looks stronger than ever. While shares prices have been falling in the US and the UK, amid fears of the aftermath of the October crash, so Japanese equities have climbed within reach of their all-time peak.

Foreign investors have been among the chief beneficiaries of this surge, steadily increasing their buying of Japanese stocks since the beginning of the year. Most Tokyo brokers forecast further increases in the market this



Japan (FT-A World Index) Dec 31, 1986 - 100

October and November and modestly in February, were big sellers for the first three weeks of last month. This mainly reflected a need to take profits before books for the financial year were closed this Thursday. However, Japanese individuals, who sold shares strongly in the period November to February, were the principal buyers for most of last month.

The point is that it is not uncommon for individuals to get on the bus last in the Tokyo market and fall to get off first. Against this, of course, April is the start of the new financial year, when institutional investment managers receive fresh allocations of funds. Moreover, in the last week, volumes have been exceptionally high - averaging well over 100 billion yen - a good sign of committed buying.

None of this evidence is conclusive, but it is worth bearing in mind when looking at the broader influences on the market. These are generally favourable, but there is more than enough scope for unpleasant surprises.

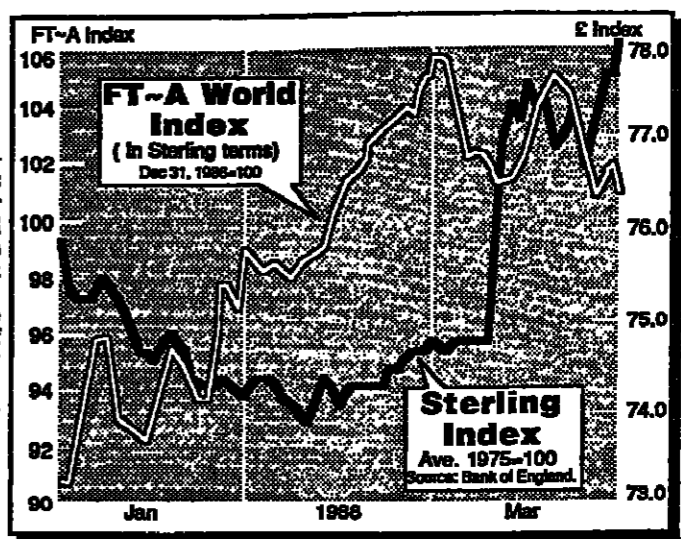
The performance of the economy, which is the single most important element behind the stock market's rise, continues to be very powerful. This week, the Government's Economic Plan

Country	FT-Actuals	% change Jan 4th 1988	% change since Apr 1st 1987
Australia	+13.2	-18.5	-18.5
Austria	-4.9	-18.1	-18.1
Belgium	+23.5	+1.7	+1.7
Canada	+8.2	-18.6	-18.6
Denmark	+4.9	-8.0	-8.0
France	-2.4	-8.1	-8.1
Germany	+12.2	-18.6	-18.6
Hong Kong	+13.0	-20.2	-20.2
Ireland	+17.6	-14.9	-14.9
Italy	+1.7	-26.3	-26.3
Japan	+28.4	+11.5	+11.5
Malaysia	+7.0	-21.9	-21.9
Mexico	+27.2	-20.5	-20.5
Netherlands	+8.5	-17.9	-17.9
New Zealand	+1.5	-20.4	-20.4
Norway	+20.1	-14.6	-14.6
Singapore	+12.2	-18.6	-18.6
S Africa	+3.5	-28.5	-28.5
Spain	+15.0	+17.1	+17.1
Sweden	+21.2	-10.2	-10.2
Switzerland	+0.6	-25.5	-25.5
UK	+1.2	-49.8	-49.8
USA	+2.1	-28.8	-28.8

showed a further fall in the surplus. Japanese industry's profits are forecast to rise by 10 per cent-plus in the new financial year, following an increase of up to 20 per cent in the year just ended.

Turning to interest rates, there seems little risk of a repeat of last spring, when yields suddenly surged and share prices tumbled. Since October, the Bank of Japan has bent over backwards to ease Japanese rates so as to relieve any upward pressure on rates in the US. The result is that bond yields have steadily fallen from around 4.9 per cent on the benchmark bond in early January to about 4.4 per cent.

Trying to stop the yen appreciating too rapidly against the dollar is likely to remain the central bank's priority, so there seems little likelihood of a significant change in the easy money policy. With the domestic economy running so smoothly, the obvious source of danger to the stock market is external shock. The principal threat is the US dollar. Tokyo was largely unaffected by the dollar's fall below ¥125 in the last two weeks, which so clearly upset markets in London and New York. This is mainly because investors believe strongly in Japanese industry's continued ability to cope with the



continued steady appreciation of the yen. Companies are expected to carry on cutting costs (mainly by heavy investment in automation) and redirecting sales from exports to the growing home market.

However, sudden unexpected large falls in the dollar, say below ¥120, could stretch well stretch industry to the limit. More importantly, such a plunge in the US currency could well signal a renewed loss of faith in the American economy - and so spark off another worldwide round of stock market shocks, which could easily involve Tokyo.

confidence in the dollar is undermined by their deep reluctance to invest overseas, especially in the US. After a somewhat surprising surge in foreign portfolio investment in February to nearly \$11bn, investment fell sharply in March, perhaps to as low as \$8bn. For the past six months, Tokyo has gone its own way, paying handsome rewards to Japanese investors. It would be ironic if those investors' reluctance to invest abroad - however justified it may be - now precipitated a fresh financial crisis from which Tokyo would not emerge unscathed.

Stefan Wagstyl

## Japan

year. A target of 30,000 is frequently mentioned for the Nikkei index, which closed this week at 26,104.22. Nevertheless, the first few days of April might not be the best time to join the race.

This is not because there is any dramatic change in the outlook for the domestic economy, which remains very strong. Rather, there are worries that at these high levels the market discounts most of all the good news without paying enough attention to the bad, particularly where the

US dollar is concerned. The Nikkei index is now so close to its record high of 26,646.40 that some investors have inevitably come to see this level as a psychological barrier. "People are beginning to get cold feet. They want to see who's got the nerve to push the market above that level," says Mr Peter Tasker, of Kleinwort Benson International, a subsidiary of the UK merchant bank. Brokers in Tokyo were there-

fore not surprised to see the market fall to breach the record this week. After gaining more than 300 points a day in the first three days, the Nikkei index of leading stocks slipped back a little in the last two to close yesterday at 26,104.22, still 783 points up on the week.

Another indication that the market might be ready to pause for breath are investors' buying patterns. Japanese institutions, which bought shares heavily in

# A chill spring wind of fear

AS PUNCTUAL as Spring, fear has returned to Wall Street. US stock prices are suffering their worst setback since early January and the slow recovery in value, which seemed to be gaining momentum as recently as mid-March, looks as fragile as at any time since the crash last October.

The 89-point drop in the Dow Industrials on March 24 and 25 has demoralised equity investors. All this week, trading has been thin and uncertain. Although the Dow managed to add 3.95 points in the four days before the market closed for Good Friday, few investors left for their holidays with any confidence for next week.

The worst sign was the revival of superstition in corners of Wall Street once known for a robust scepticism. By the end of the week, many traders and at least two newspapers were trying nervously with charts of the performance of the Dow Industrials in early 1980, after the last crash but one. Back in 1980, the Dow

enjoyed a steady recovery and all but touched its pre-crash level in the course of trading on April 15 of that year. Then it slipped and fell and fell for two years, taking America and the world into Depression.

If the trading charts were an infallible guide to the present, April 16 would fall this year on April 26, but nobody on Wall Street last week bothered about

## Wall Street

exactness. The more pressing question was whether the rally reached its peak on March 23 last week and whether the Dow is already launched into the slow, heart-breaking attrition of values known as a bear market.

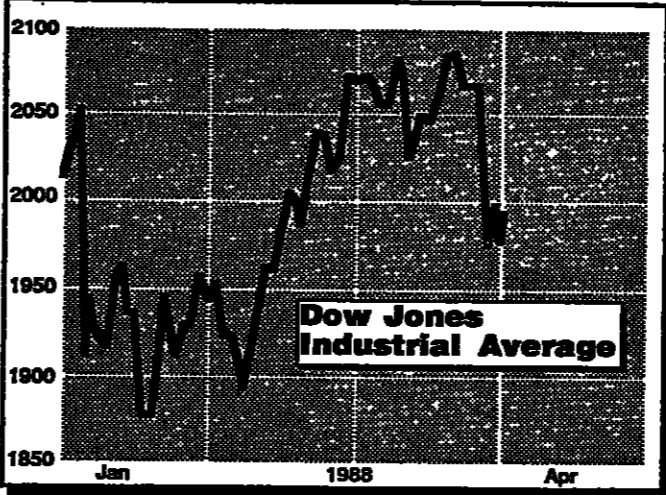
It may not be so bad. The fall in prices over the past 10 days has scared the wits out of Wall Street, but it is part of a pattern

during last August, in the week leading up to the crash and again which is becoming, well, routine. It occurred at this time last year, last week. Each time it follows the same pattern. Financial markets sniff inflation, or at least the kind of strong economic growth that threatens price rises in a full-employment, full-capacity economy. These fears emerge first in the foreign exchange markets, where the dollar weakens in the face of its potential loss of purchasing power to inflation. They spill over into the credit markets, where interest rates rise to compensate lenders for their inflation risk. The rise in the cost of money then undermines the value of stocks - most recently, quite drastically.

Put another way, the stock market has begun to resemble a disobedient puppy which gets thrashed every time it shows high spirits. The thrashing, while alarming and disagreeable to watch, may have a salutary effect, because it keeps the mar-

ket cowed for a while. This in turn allows interest rates to stay relatively low and keeps alive the prospect of recession, which is necessary to keep the lid on consumption. On the most optimistic outlook, consumption will remain subdued long enough for the historic shift of resources to exports that will rescue the US from its financial woes.

Unfortunately, the stock market is also desperately anxious that the credit markets will not just threaten recession but deliver it. Last week's market was dominated by fears of weak orders for the computer group, above all IBM in the mainframe market and Digital Equipment in mid-range computers. IBM, as the market's biggest and most widely held stock, is the key to any recovery, but it is trading at only \$5 above the \$102 at which it closed on Black Monday. Digital Equipment, which in the words of Mr Daniel Mandresh of Merrill Lynch, "appears to be racing IBM down to par," ended the week at



exactly the \$104 1/2 which was its crash low. Wang has been badly battered and is only just above last year's low.

Part of the weakness in computer stocks is a long-term recognition that the industry is maturing. The companies' p/e ratios, the market's measure of their growth prospects, have been falling steadily. "There is concern

about long-term growth rates," says Mr Steven Milunovich of First Boston. "Price/earnings multiples have been deteriorating for some time for mainframe companies such as IBM, and this has spread to the mini-computer makers such as Wang, Tandem and DEC."

The market is also concerned that orders are drying up in the

short term because customers do not dare make the big capital commitments needed for computer systems until they have a clearer idea of the direction of the economy. "The feeling is that the crash is affecting demand and that the group is losing momentum," says Mr Milunovich. Digital Equipment contributed to the market's gloom when it announced two weeks ago that Wall Street's estimates for its third quarter earnings were too high.

As it turned out, both IBM and DEC were driven down to multiples of last year's earnings of only 12. Some investors evidently felt this was too low for such capital-intensive companies, even in the present uncertainty. Both stocks rallied wanly on Thursday.

The only real life in the market, as so often this year, was among the arbitrage stocks and displayed just the sort of speculative excess that was supposed to go out with the crash. Federated Department Stores ended the week at \$72 1/2 as the fierce bidding struggle between Campan and R. E. Macy entered what looked like its final phase. The stock was trading at under \$29 after Black Monday and has pro-

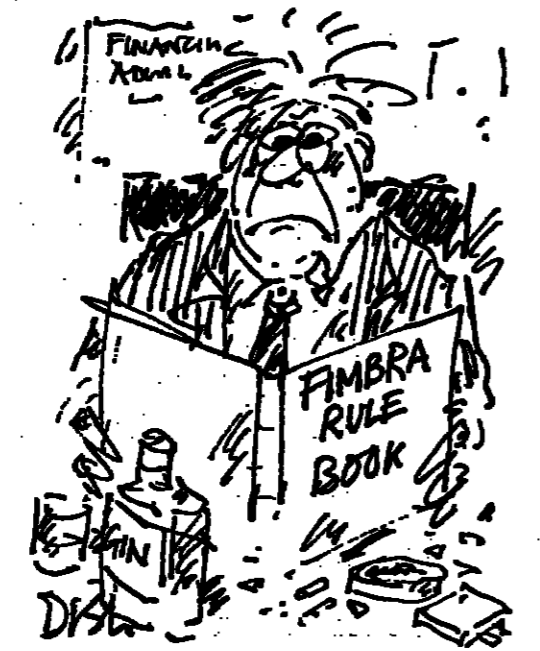
vided Wall Street's arbitrageurs with spectacular profits - perhaps their best ever.

Texaco was trading at \$48, up \$2 or around \$500m in market value on a week which saw the crippled company finally come into play. The announcement that Kohlberg Kravis Roberts, the big leveraged buy-out firm, has a 4.9 per cent of Texaco and wants to talk to management has finally convinced Wall Street that the group cannot escape being drastically restructured or sold. After all, the financier Mr Carl Icahn already owns 14.8 per cent of Texaco, and oil companies and even governments have notably expressed interest in bits of the unfortunate company. However, a takeover of Texaco would probably cost over \$180m and would be an awesome undertaking even in more confident financial markets. Did the stock market crash for nothing?

Monday	1979.77	+ 08.28
Tuesday	1978.24	+ 15.57
Wednesday	1978.12	- 20.22
Thursday	1988.06	+ 08.94
Friday	CLOSED	

James Buchan

# Once you have read the rules you may need a little help



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## FINANCIAL ADVISER

## Thyssen informs

# Well on course

Thyssen displayed a good overall development in 1986/87. Except for the ordinary steel operations, which closed the year with a loss, all the business groups achieved improved profits. The equity ratio increased, financial indebtedness was further reduced. Net income reached DM 302 million.

**Selective expansion of Thyssen Industrie**

In 1987 the company once again realized a good result; its expansion is being systematically continued. Thyssen Maschinenbau is a specialist in modern manufacturing systems. Industrial materials-handling equipment is being developed as a further focal activity of Thyssen Aufzüge. Thyssen Engineering too opened up new areas of business in energy and environmental technology. Thyssen is prominently involved in high-speed rail systems. In the field of industrial components, sophisticated lines of production are being expanded. The results are stable.

**Budd showing good profitability**

Budd in 1987 was able to improve on the 'high result of the previous year. Its good market position is based on intensive product

developments and high manufacturing quality. Two new plants, equipped with the very latest technology to make stampings from steel and SMC plastic, are to take up production in the near future. The business situation remains encouraging.

**Thyssen Handelunion flexible and robust**

In 1987 Thyssen Handelunion closed the year quite satisfactorily in spite of a sharp decrease in sales. The manifold measures aimed at reorganizing its building and home-products business are showing signs of success. In the growing market for environmental protection and recycling Thyssen is becoming increasingly active as a supplier of services. The group of transportation companies is being realigned; the establishment of a widespread logistics network is making headway. For the current year a satisfactory result is again expected.

**Thyssen Edelstahl: Continued success**

Thyssen Edelstahl, a specialist in particularly high-grade materials, was very successful in 1987. A good result is again expected for the current year. Its flat-product activities are

developing especially well. This is also a focal point of the current investment program.

**Thyssen Stahl: In profit again**

A retrenchment of the loss-making product groups is under way, the profitable product groups are showing a positive development. Lower raw-material and energy costs as well as a gradual recovery of steel prices are having a positive influence on the current course of business.

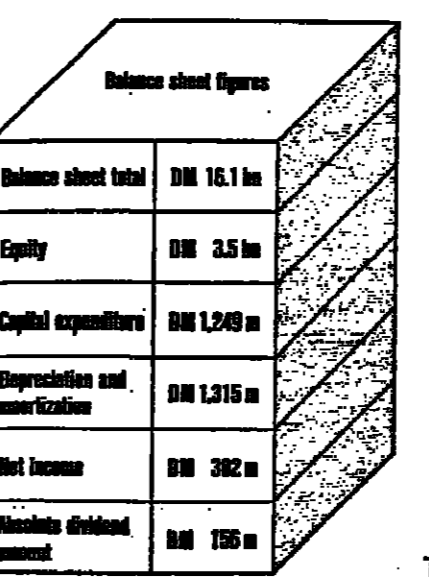
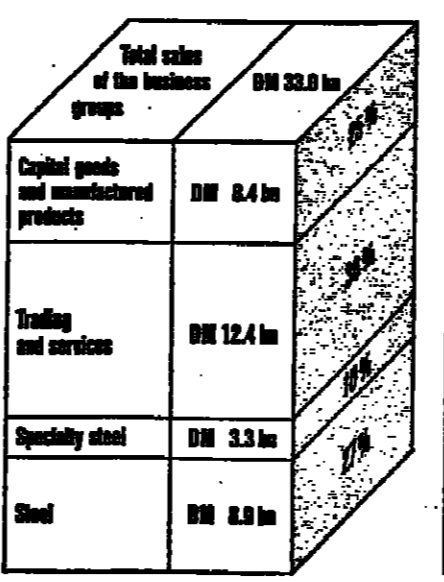
**Outlook**

In the first half of fiscal 1987/88 Thyssen worldwide realized external sales amounting to DM 14 billion. The earnings situation remained encouraging, with all four business groups and the holdings achieving profits. The perspectives for the second half of the year are stable. The development of new processes and products is being pushed ahead everywhere at Thyssen. We are also opening up further fields of technology and markets.

**Resolutions of the stockholders' meeting**

On March 25, 1988 the stockholders of Thyssen AG adopted the resolution to appropriate the net earnings of the previous year for the payment of a dividend of DM 5 per nominal DM 50 share. Our taxable domestic stockholders will therefore receive a gross dividend of DM 7.51 per share, including tax credit.

Thyssen worldwide 1986/87 (October 1, 1986 - September 30, 1987)	
External sales	DM 26.6 billion
Work force (annual average)	123,000





FINANCE & THE FAMILY

John Edwards looks at the trend towards cheaper home loans

# The Halifax leads the way

HALIFAX Building Society has led the way towards cheaper home loans. In a surprise move the Halifax, which accounts for some 20 per cent of the total building society mortgages, cut its rate by 0.5 per cent to 9.8 per cent, its lowest level for nearly 10 years.

Lloyds Bank swiftly followed reducing its rate by 0.5 per cent to 10 per cent. However, the Japanese Sumitomo Bank maintained its role as one of the cheapest lenders by cutting its rate from 9.9 to 9.4 per cent. Mortgage Corporation also responded with a reduction of 0.2 to 9.75 per cent. So did the TSB subsidiary, Mortgage Express, down 0.45 to 9.75 per cent and the National Home Loans Corporation down to 9.67 per cent.

Other building societies and banks have deferred a decision until after Easter when the trend in interest rates may become clearer.

The Halifax move came as something of a surprise since it was thought another cut in the bank base rate, from its present

level of 8.5 per cent, would be cutting the rate to 9.5 per cent. Its fixed rate offer at 10 per cent at June 1981 will also continue.

Before the Halifax move, Abbey Life had already cut its standard home loan rate from 10.2 to 9.7 per cent, while the rate on its Gold Star Mortgages (more than £70,000 and less than 75 per cent of the property's value) fell from 9.95 to 9.5 per cent.

While the interest rates battle heats up, several companies are introducing special schemes aimed at appealing to joint buyers, before the August 1 deadline introduced in the Budget for ending tax relief on joint mortgages.

National & Provincial and Lambeth building societies both announced schemes to help joint buyers and the Life Association of Scotland (LAS), in conjunction with First Mortgage Securities, introduced a 100 per cent mortgage package specifically designed for first time buyers. Called First Step, the LAS scheme has one unusual feature. It allows 100 per cent borrowers to have their property revalued after one year, with a reduced valuation fee, and if the value needed to trigger cheaper home loans.

However, the Halifax and Lloyds Bank home loan rates were at the top end of the market, with Abbey National and Nationwide Anglia, for example, charging 10.1 per cent and several smaller mortgage lenders offering rates below 10 per cent.

With money pouring into building societies, following the stock market crash, it is thought the Halifax is determined to maintain or improve its share of the mortgage market, which has been under competitive pressure from banks and specialist mortgage lenders.

The Halifax cut applies only to new borrowers, effective from April 1, and the position of existing borrowers will be reviewed this month with the likelihood of the lower rate starting from May 1. Lloyds Bank's reduction applies to new borrowers from April 7 and to existing customers from May 3. The special discount of 0.5 per cent on all new endow-



ment and pension mortgages, provided you use a Black Horse unit-linked policy, will continue to have a margin of more than 25 per cent, you can switch to the lower standard interest rate.

The interest rate on First Step mortgages, which are available to first time buyers between 28 and 35 years old, has been fixed at a competitive 10.5 per cent and you pay an administration fee of £150 plus a mortgage indemnity premium of £5.05 per £100 on amount that the loan exceeds 75 per cent of the valuation of the property.

So you pay heavily for the privilege of a 100 per cent loan, especially as the mortgage has various restrictions like a minimum of £50,000 in London and the Home Counties and £30,000 elsewhere and a maximum of £80,000. It is also confined solely to LAS endowment policies and there is a nasty redemption penalty equivalent to three months interest, plus £100 fee, during the first three years of the mortgage.

In contrast, a mortgage scheme completely free of all fees was

# How the mighty fall

TEN YEARS ago, Equitable Life Assurance and London Life Association headed the performance tables for 10-year endowment policies. What is more they were forecast to be top performers for the next 10 years, when life companies were still selected on bonus projections, according to the May 1978 issue of Money Management magazine.

Because these two life companies did not pay commission to independent intermediaries and thus had low charges, it was argued that they must give better value for money and top the performance tables.

Now the 10 years have elapsed, how have investors fared in these two companies?

Equitable Life finished a creditable sixth in the performance tables according to the forthcoming annual Money Management survey. However, the reversionary bonus cut for 1987 announced recently meant that its payout was more than 6 per cent below the top company, Standard Life.

This week London Life's announced a 15 per cent reduction in reversionary bonus rate from 55.25 per cent to 47.5 per cent compound, together with further reductions in terminal bonus rates for 10 year contracts.

Eric Short reports on Equitable Life and London Life's slide down the endowment policy performance tables

This has left the company way down the tables - 20 per cent below Standard Life's payout. Equitable Life is in a healthy financial position with strong controlled new business growth. Its bonus rate cut has come from strength - possibly anticipating next year's cut by the rest of the life companies as a result of lower interest rates.

But for London Life, on the other hand, the reversionary bonus cut represents the latest in a series of measures taken by the appointed actuary, Brendan McBride, to get the company on a sound financial footing after years of eating into its capital base through taking on new business at costs far exceeding that allowed for in the premium costs.

McBride is confident that the company has everything under control. Indeed, he is adamant

that this bonus cut would still have been made even if everything else had been satisfactory.

He claims that the cut was made to bring the combination of the rates of return guaranteed in the company's with-profit contracts and the bonus rates added to these guarantees in line with a realistic appraisal of future long term investment returns.

In short, he does not feel that existing interest rates justify present reversionary bonus levels. Actuaries have had to use equity appreciation to support reversionary bonus rates instead of reflecting these in the terminal bonus rates. As a result reversionary and terminal bonuses have become unbalanced.

McBride expects to be able to maintain this new bonus level under current market conditions, though stock market volatility is a worry. If investment conditions are more favourable than he anticipates, then the benefit would go into terminal bonuses.

However, even if other actuaries follow a similar course next year and even if London Life's problems are truly behind them, it will still be some years before the company figures prominently again in the with-profit performance tables.

# Sun Life goes off-shore

SUN LIFE this week took its first step into the offshore investment market with the introduction of an "umbrella" fund called the Global Portfolio.

The Portfolio, registered as an open-ended investment company in Luxembourg and managed from the Isle of Man, will have nine classes of shares (or sub-funds). Investors will be able to switch between funds, without any extra charge, being made unless excessive use is made of the switching facility when a special levy will be imposed.

That does not mean switching is free, since you have to pay the spread between bid and offer prices of the shares. But unlike an onshore investment bond switching is made free of capital gains tax - an extra attraction for high rate taxpayers following the Budget.

It is also planned to apply for distributor status, so that the portfolio will be suitable for UK investors and non-residents.

Geoffrey Harrison-Dees, chairman of Sun Life Global Portfolio, believes that offshore funds, which are approved by the regulatory authorities and therefore allowed to be marketed in Britain, will in future provide serious competition for UK-based unit trusts and investment bonds since they have tax advantages and more flexibility.

There is an initial charge of 6 per cent included in the offer price, which is fixed at £1 per share until April 22. This is on the high side, but Hamilton-Dees says it is much the same as a five per cent charge rounded up.

In addition there is an annual management fee of one per cent

for all the sub-funds, with the exception of the Global Bond Fund (0.75) and Haven Fund (0.50).

Minimum investment is £3,000 in the Portfolio and £1,000 in shares of the individual sub-funds.

Investors in the Portfolio can make their own choice of the nine sub-managed funds. Alternatively, there is an optional discretionary management service, where Sun Life makes the investment decisions.

CASH DEPOSIT accounts, paying a high rate of interest, are increasingly being used by unit trust groups to try and retain investors, made nervous by the unsettled state of the stock markets since the October crash.

Latest to follow this trend is Scottish Widows. Investors selling £2,000 worth, or more, of the group's Pegasus unit trusts, and not wanting to reinvest immediately, can now transfer the money into a special high interest account with the Royal Bank of Scotland. Interest will be credited quarterly and compounded at the Gold Deposit account rate. Any number of withdrawals can be made without notice or interest penalty.

A key advantage of keeping your money in the special account is that you retain the full discount on switching within the range of Pegasus trusts. So you are not penalised from taking your money out of the equity market for a while, before deciding to come back in again.

CHELTENHAM & Gloucester Building Society has introduced an investment account that guarantees to pay 4 per cent above the society's ordinary share rate for four years. At existing rates



# Fewer facts

In future, companies will not be required to give so much information to shareholders says Richard Waters

SHAREHOLDERS don't want so much information about the companies they invest in. That's the message coming from a number of large companies and the government, and unless small investors shout louder, they will have little say in the matter.

The Trustee Savings Bank, which has 1.5m shareholders, reckons that only a fifth of them want to receive a full annual report. Two thirds actually would actually prefer not to receive it, says the bank. Since it costs 65p to send each copy of the report (£1.25m in all), wouldn't it be more sensible to produce a summary of the figures and leave it to shareholders to ask for the full information?

The Government agrees. Last week, Corporate Affairs Minister Francis Maude said that the next Companies Act (due in 1989) will change the law to allow companies to opt out of producing a full annual report while requiring them to send out full accounts on request.

This attempt to engineer an important change in shareholders' rights raises some crucial questions. For instance, is it right to widen the divide between individual shareholders and professional investors such as pension funds? If full accounts were available only on request, the chances are that these difficult documents would become even more obscure. There would be no impetus to communicate the complex financial information they contain to the amateur shareholder - something a number of companies genuinely try to do at the moment.

The second important question is, what information could be extracted and put in a simplified report to convey a true impression of a company? The Government's ideas on this at the moment are half-baked, say accountants who have seen draft proposals from the Department of Trade and Industry. Certain figures would be taken out of the full report and shown in isolation: there would be no attempt to produce a balance sheet or profit and loss account, as currently understood.

With only the skimpy information suggested, abbreviated accounts would be dominated by the sort of glossy photographs and graphics which already dominate the front of full accounts. This does not help shareholders. Graphs and other summarised information is not added, and although it must contain no factual inaccuracies, unpleasant facts can be left out.

The Government is right to want shareholders to get better financial information. But replacing what they get at the moment with something which is little better than worthless is hardly striking a blow for the share-owning democracy. The only plea is that small shareholders have no one to turn to protect their interests, and will probably have no influence in the matter.

# Tax rebates delayed

INVESTORS who are used to receiving small amounts of tax from the Inland Revenue will have to wait longer for their cash in future.

This will affect all non-taxpayers who receive investment income in amounts of less than £200. They are able to reclaim tax deducted at the basic rate (25 per cent after April 6). In future, says the Revenue, repayments will only be made during the tax year - that is before April 5 each year - if the tax amounts to more than £50. For smaller sums, taxpayers will have to wait until the tax year has ended and their final tax position has been agreed with the Revenue.

The new rule will not come into effect until April 6 1988. The gap of a year is meant to allow time for changes to be made to claim forms explaining the new repayment rules.

The change will affect shareholders who receive a tax credit with their dividends; investors in certain other areas who also receive income with tax deducted; and anyone reclaiming

tax under a covenant made before March 15 this year (they were abolished for all but charitable gifts in the Budget).

Bank and building society interest payments don't qualify for tax already deducted, known as composite rate tax, is not refundable.

Anyone who requests two or more small repayments which together are worth more than £50

will receive the money immediately, without waiting for the end of the tax year.

The Revenue says that making small payments is an administrative headache. Very often, the cost to it of repaying tax more than exceeds the value of the payment. No-one will lose out because of the change, but they will have to wait longer.

Richard Waters

# A boost for gilts

THE BUDGET has provided a further reason for gilts (UK government securities) to return to favour with investors. The first boost came after the stock market collapse in October, when many people became very nervous about putting their money in shares and switched to the security offered by gilts, which provide a known return.

Under the proposed new tax system, with the equalisation of capital gains and income taxes, the income generated by gilts is

now treated in the same way as capital growth and is no longer at a disadvantage for higher-rate taxpayers.

With tax rates reduced, it is possible to obtain a return well above the rate of inflation without any risk to your capital. Many groups which have been running down their gilt funds are dusting them off and bringing them back off the shelf.

Cater Allen Jersey, a subsidiary of the London-based discount house and primary gilt market-maker, is for example offering a gross annual yield of 12.7 per cent, with income paid regularly four times a year, on an offshore Gilt Income Fund relaunched this week. Not a bad return against inflation, even when UK tax has been deducted, and even better for expatriates.

Very often, high-income yields of this kind are achieved only at the expense of reducing the capital value, rather like an annuity. But Cater Allen, by good management, has managed over the years to maintain the capital value while paying a high yield.

The two funds merged to form the new gilt income fund - Invicta Gilt Income and Cater Allen Gilt Edged - had a good investment track record and the group has two funds in the top five of the gilt income funds league table.

Apart from greater flexibility, one advantage of an offshore fund is that you receive income gross, instead of tax being deducted at source and having to be reclaimed if you are not liable to pay it. This could be particularly suitable for non-working wives when the new taxation system for married couples is introduced in 1990.

Minimum investment is £1,000, but there is a regular savings alternative with a minimum of £100 monthly. The initial front load charge is only 4 per cent and the annual management fee is 0.75 per cent of the fund's value.

John Edwards

# More BES changes

THE TREASURY has made two more minor alterations to the Business Expansion Scheme, following the major changes announced in the Budget.

It was announced on Budget Day that in future no companies, except those involved in ship chandling and residential letting, will be allowed to raise more than £500,000.

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The Fund has been certified as a "Distributing Fund" under the provisions of the U.K. Finance Act 1984 in respect of its latest account period.

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\*Calculated as at 28th March 1988 - Offer price 21.20 p.

†The Fund is based in Jersey and is listed on the Stock Exchange, London.

NOTE - U.K. resident investors will, depending on their circumstances, be liable to U.K. taxation in respect of dividends they receive. Investors should recognise that whilst Gilts provide a very high immediate return, the prospect of capital gains in the future may vary. The Fund should therefore be considered as part of an overall balanced portfolio.

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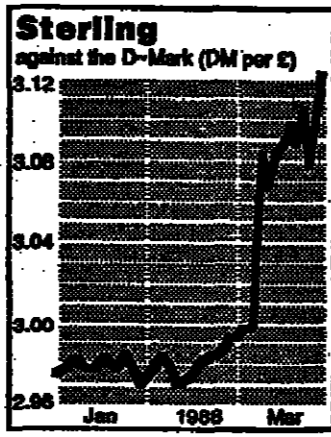
FINANCE & THE FAMILY

Stephen Fidler explains how to protect your interests if the pound falls

Sterling advice

AFTER THE Bank of England spent more than £200m in a year to keep the value of the pound below three Deutschmarks...

Gross annual interest of about 7% per cent on a three-month sterling bank deposit compares with roughly 2 per cent in D-marks...



Financial Futures Exchange. But such a strategy is expensive and probably inadvisable except to those who are very comfortable with the concept.

In fact, the small investor would probably be better advised not to try to play the foreign currency game at all...

However, in the bond market, the possibility of capital gains or losses means investors must look out for more than just interest differentials.

favour of capital gains and against income. If an institutional investor such as a pension fund likes the look of the gilt market but not of sterling...

Another option would be to use the services of one of the betting concerns, such as IG Index, which specialises in financial wagers.

The recipe for success



Warren Buffett

SMALL INVESTORS scared stiff by the equity markets' psychotic behaviour over the past six months can take great comfort in the views of Warren Buffett...

He believes it is completely wrong to say small investors have no chance in markets 'dominated by the erratic behaviour of the big boys... such markets are ideal for any investor - small or large - so long as he sticks to his knitting.'

Buffett adds: 'Volatility caused by money managers who speculate irrationally with huge sums will offer the true investor more chances to make intelligent investment moves. He can be hurt by such volatility only if he is forced, by either financial or psychological pressures, to sell at untoward times.'

land practices, is it any surprise that markets sometimes behave in aberrational fashion? he wonders

Buffett's advice is to ignore the markets as they take their roller coaster ride from hysterical excessive optimism to manic depressive pessimism and back again.

Buffett has averaged an annual gain of 23.1 per cent, without a down year, since he took over Berkshire Hathaway 23 years ago.

Buffett is not without doubts about where blame lies for October's crash. He notes, caustically: 'We have professionals, those who manage many billions, to thank for most of this turmoil.'

Fancy footwork with figures

THE OCTOBER and Budget tax changes have combined to focus renewed attention on income unit trusts.

The trick is to advertise the highest yield. Fidler has identified a number of high income trusts...

which it concludes that the only person who might be affected adversely is a higher-rate taxpayer who is not liable to capital gains tax.

With such trusts, where income is relatively less important, investors are interested in protecting their savings through the growth element of the return.

For this category of investor, income taxable at 40 per cent will be increased at the expense of growth which, if it falls within the annual exempt limit, is untaxed.

Harrison thinks that deducting charges in this way is a perfectly legitimate ploy for a manager seeking to offer the highest possible income.

With charges likely to rise from a typical 1 per cent to a norm of 1.5 per cent over the next few months, this question becomes more significant.

Charging against growth rather than income is one of the finer technical points of unit trust investment.

Christine Stopp

Mike Hall looks at a unit trust for environmentalists

Go where the grass is greener

AN ETHICAL unit trust with a difference was launched this week. The Merlin Ecology Fund plans to invest in companies directly involved in pollution control or demonstrating a 'positive commitment' to environmental protection.

Merlin already manages one unit trust, an international growth fund launched in 1971 which has assets of £11.5m, and an above average investment performance.

Environmental groups have given the fund their backing. 'We've been in favour of this type of investment for a long time,' says Jonathan Porritt, director of Friends of the Earth.

Ethical investment is not without problems. A December 1987 report by the London-based Ethical Investment Research Service (EIRIS) warned: 'There is no code of conduct or agreed way of defining an ethical fund, so there, nothing to prevent anybody using the word ethical to market a financial product even when there is no justification for doing so.'

THE CRASH DIDN'T ALTER OUR INVESTMENT PHILOSOPHY. IT RE-INFORCED IT.

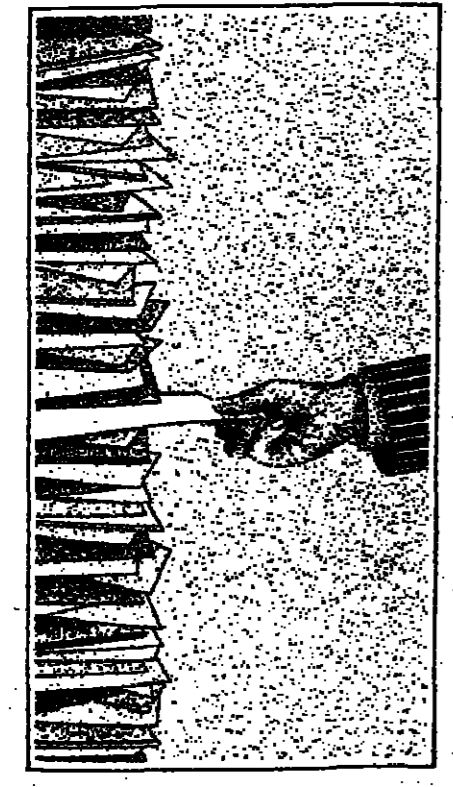
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FINANCE & THE FAMILY

# Non-residents still miss out

Donald Elkin examines the implications for those living abroad of the Chancellor's proposals on maintenance payments

IN HIS BUDGET, Chancellor Nigel Lawson announced plans to reform and simplify the tax treatment of maintenance payments made after the breakdown of marriage. The present rules are complex, particularly for those whose lives contain a foreign element.

Until the introduction of separate taxation for married people on April 6, 1980, husbands and wives were treated as one entity for many tax purposes although a permanent separation does, of course, end such joint treatment.

Broadly, maintenance payments reduce the taxable income for the payer while increasing that of the recipient. However, the precise tax results depend on the residence status of the parties and on whether the payments arise from British court orders or agreements or similar foreign arrangements.

Consider the case of expatriates Mr and Mrs Smith. When their marriage broke down, she resumed residence in Britain while he stayed in his job overseas. Their British divorce became absolute in January 1988, and an order made at that time required him to pay maintenance to his wife and infant daughter of £7,200 (or £800 a month) and £1,500 a year respectively.

Since the amount due to his daughter does not exceed the "small maintenance payment" limit of £2,498 a year, he must pay to her the full gross sum. And as the money goes direct to her (not to Mrs Smith on her behalf), the income is treated as hers alone. So, no tax will be due unless she has other income which absorbs all or part of her £2,500 personal allowance.

For his part, Mrs Smith can obtain tax relief on his payment only to the extent that he has UK taxable income.

However, as the maintenance to Mrs Smith is larger, different rules apply. He should deduct tax at the basic rate making his payment. Thus, the monthly sum of £800 reduces to £450 net when £150 tax is taken out. The theory behind this is that,

in one operation, the payer obtains his tax relief and the liability of the recipient is met. But if Mrs Smith has little or no other income, she can get the benefit of her personal allowances only by claiming repayment of some of the tax deducted. Further, except to the extent that he has suffered tax on UK income received by him, he must pay to the Inland Revenue the tax he has deducted.

Failure to do so should not prevent Mrs Smith getting any



repayment to which she is entitled, although he could be faced with a large bill for tax arrears when eventually he returns to the UK. But any attempt to sidestep these complications by making payment gross could result in losing all or part of any relief to which he would otherwise have been entitled.

Such are the rules that apply to agreements or orders made or applied for by Budget day, as long as the agreements are shown to the Inspector of Taxes or the orders are made by June 30 this year.

Even pre-Budget arrangements are affected by the new rules, though. In the case of payments between spouses, the recipient will in future not have to pay tax on the sum received (subject to a maximum of £1,498 in 1988/89). In addition, all payments must be made gross from 1989/90 onwards, the amount taxable or relievable being pegged at the 1988/89 level.

Post-Budget maintenance arrangements will to some extent be taken outside the tax system



from the start (as will increase on older cases), with recipients being exempt entirely on the money they get. In these cases, it is the payer who is entitled to the relief of up to £1,498.

It is, however, not yet clear if this is technically a relief, in which case few residents would be able to benefit from it, or a deduction, when those with UK taxable income would benefit. Importantly, too, for those within the old system, the payer has the right to transfer to the new one. This would be helpful in all cases where the UK resident who gets the money suffers tax on it in excess of the relief obtained by the non-resident payer.

However, caution is necessary if the payer also is likely to become a UK resident as, in those circumstances, the level of his UK taxable income - and, hence, the relief obtainable under the old basis - will in most cases be markedly greater than while he is non-resident.

Consider Mr and Mrs Jones, whose position is similar to the Smiths except that their divorce took place outside the UK and maintenance payments are made under a foreign court order. In these circumstances, Jones cannot deduct any UK tax from his payment and is not entitled to any tax relief in the UK, whether or not he receives taxable income there.

As a British resident Mrs Jones can be taxed on her maintenance which, since it is deemed to arise from a foreign source, normally will be assessed on the preceding year's basis.

Further, double taxation relief will be available if any tax is deducted overseas, and should she not be domiciled in the UK, British tax will be charged only on the amount remitted to or received in the UK.

While the position is not yet entirely clear, it is reasonable to assume (a) that Mrs Jones will be entitled to the special £1,498 allowance and (b) that Jones will have the right to switch to the new basis if he wants.

However, there is no doubt that, under foreign post-Budget arrangements, non-resident payers will continue to be denied relief.

Donald Elkin is a director of Wilfrid T. Fry, Worthing.

Eric Short discusses the changes in pension arrangements that start from next week

# AVC onus shifts to employers

FROM NEXT Wednesday, one further radical change affecting employees in a company pension scheme is that it must provide a facility for employees to boost pension benefits by making extra contributions called AVCs (Additional Voluntary Contributions).

So far, it has been up to the employer and the trustees entirely to decide if an AVC scheme is provided for employees. Furthermore, they have decided the type of additional voluntary scheme to be used - building society deposit, with-profit or unit-linked.

If there was no scheme, though, the employee simply could not make extra contributions; and the in-house schemes are voluntary in that they are at the whim of the employer.

Last October, employees were given greater freedom in that they were allowed to start their own "free standing" additional voluntary contribution schemes (FSAVCs) not linked to the company scheme.

Further changes are taking place, however. From next week, employers will have no choice: they will have to provide an in-house AVC facility. In addition, employees must be given the choice of a personalised AVC on a money purchase basis.

Most in-house AVC schemes in the private sector operate on this basis, anyway. But, in the public sector schemes, AVCs up to now have been based on buying additional years of service to boost your pension.

Under the new deal you will have to be offered a choice, and local authority schemes are in the process of setting up AVC plans with life companies and building societies.

Most in-house schemes are arranged with an outside financial institution although some invest in the main fund, operating on a deposit basis and keeping separate accounts for each AVC.

The features of money purchase AVC arrangements are:

**CONTRIBUTIONS**  
Employees can pay up to 15 per cent of total earnings in a year, less the amount paid into the main company scheme. Where pensionable earnings for the main scheme are less than total earnings, the calculation to ascertain the maximum AVC contribution becomes involved.

The contribution is determined on a one-off tax year basis. There is no carry-forward or carry-back provision.

With in-house schemes, tax relief applies automatically; the contributions are deducted from gross salary before the tax computation. For FSAVCs, the employee pays contributions net of basic rate tax and claims higher tax relief through a code adjustment.

Employees cannot contribute directly to an AVC arrangement.

**BENEFITS**  
An AVC, whether in-house or free-standing, is an adjunct to the mainstream company benefits, payable when these are paid.

At retirement, the benefits of a FSAVC or an in-house AVC taken out after April 7, 1987, have to be taken in income form; that is, the accumulated value must be used to buy an annuity. Any tax-free lump sum has to be taken from the main scheme.

By contrast, the benefits of in-house AVCs taken out before April 7 can be taken as tax-free cash.

Overall, though, the combined benefits must be within Inland Revenue limits, such as the maximum pension not exceeding two-thirds of earnings at retirement and the maximum cash sum not exceeding 1.5 times earnings.

If the aggregated benefits do exceed the limits, then the benefits from the main scheme are reduced. This means that AVC arrangements need to be monitored constantly so that you do not pay extra for no additional benefits.

With a FSAVC, and many in-house AVCs, the pension is bought from a life company on a completely free basis - no

unless or unistatus restrictions. With in-house schemes, the mainstream pension fund effectively will pay the pension on the same basis as the main company benefits - certainly unistatus and possibly unisex.

If death occurs in service, the value of the AVC is paid into the estate free of inheritance tax.

On changing jobs, the in-house AVC is treated in the same manner as the main company scheme. If the employee leaves a deferred pension behind, then the AVC is left behind as well to grow in value. If you transfer the benefits of the company scheme to another scheme or buy a personal pension, then the AVC is transferred in a similar manner.

FSAVCs are completely portable. You can take them with you, even if there are restrictions on moving the company scheme benefits.

**INVESTMENT**  
With in-house AVCs, the employee has to take what is offered. Up to now, there has been little choice. If the employer had only a building society scheme, because that was what the majority of workers wanted, then the staff had to take a building society scheme.

The introduction of FSAVCs already has resulted in more employers offering their employees in-house schemes with a choice of building society deposit, with-profit and unit-linked (although the latter might be restricted to a managed fund on the ground that employees do not understand the implications of equity funds. Paternalism is a long time dying).

With FSAVCs, employees have considerable choice between with-profits and unit-linked. To date, no building society has offered a deposit FSAVC.

Employees can invest their FSAVC contributions with only one provider in any one tax year. But they can change that provider every year if desired, so allowing them to build up an AVC portfolio.

**CHARGES**  
With FSAVCs, the employee pays the charges out of contributions. These may be identified as with-unit-linked, or unit-linked as with a deposit or with-profit contract.

The employee pays charges on an in-house AVC arrangement, but the employer or trustee might well negotiate lower rates.

**CONTRACTING-OUT**  
An FSAVC can be used to contract out of the State Earnings-Related Pension Scheme (Serps). The minimum contribution must be the National Insurance rebate.

It operates conditions similar to those described for appropriate personal pensions, with the Department of Health and Social Security collecting the rebate during the tax year and passing on the money to the provider.

The contracted-out FSAVC would qualify for the incentive payment if the employee was not previously contracted-out. But, unlike appropriate personal pensions, it would not qualify for tax relief on the employer's contribution.

Although the DBSS regards FSAVCs as akin to personal pensions, the Revenue regards them as another form of NI contributions.

A FSAVC would be used by an employee in a company money purchase scheme that is not contracted-out of Serps in order to contract-out with the intention of going back into Serps at a later date.

Which route do you as an employee take - in-house AVC or FSAVC? This will depend on what the in-house scheme offers; whether you want variety and the prospect of higher rewards/higher risks; and whether you are prepared to devote some time and effort into managing a FSAVC contract.

If you cannot make up your mind, then there is nothing to stop you doing both - providing you keep within the contribution and benefit limits.

a rescue operation failed and the company was wound up. Its investors eventually received 83p in the pound, the final distribution being made last October.

Investors in these life companies rescued by the Policyholders Protection Board have received at least 90 per cent of benefits when they were due. Nation Life policyholders can only reflect on what might have been.

LGI investors should write to London Indemnity & General Insurance Co, Dept LIGI/XS, Forbury House, 18-20 The Forbury, Reading RG1 3ES.

E.S.

## Let's hear it for the Pru

IN OCTOBER 1974, the near-impossible happened. A UK life company, London Indemnity and General Insurance (LIGI), a member of Jessel Securities, ran into trouble as a result of the financial crisis that year.

At the time, no one knew publicly the seriousness of LIGI's problems. But 54,000 investors who had put their savings into the company were rescued by a consortium of 40 other life companies.

The price of the rescue was that investors had to accept a 10 per cent cut in the benefits on their contracts - mainly the then-fashionable High Guaranteed Income Bonds and annuities - and give up their contractual

right to generous guaranteed surrender values. But the reduced benefits were paid as and when they were due.

In return, the consortium guaranteed to provide the necessary finance to meet these reduced benefits. A member of the consortium, Prudential Assurance, was appointed to manage the company.

This week, more than 13 years later, the directors reveal that the Pru has managed the investment so successfully that not only has there been no call on

the consortium members to put their hands in their pockets but the fund has accumulated a £5m surplus. And the managers want to give that surplus to investors.

The proposed payment is not large - a 1.5 per cent increase on these reduced benefits. The average payment is only £100 and for some investors it could be down to the minimum payout of £5.

The problem for the managers is tracing the vast majority of policyholders who have been paid already. Only 3,000 remain on the books.

The managers will be writing to the last recorded address but are hoping that investors or their dependants will contact them at the address below. The offer is open for two months.

The managers of LIGI have demonstrated the contention that, when a life company runs into trouble, it is better for its investors to run it as a going concern rather than wind it up.

Certainly, investors in LIGI have fared better than those in Nation Life - the other life company that ran into trouble at that time. All attempts to set up

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# Tenant won't pay

I own a semi-detached house in a small university town in the Midlands. This house is being let through a local agent and rates and all utilities are payable by the tenant. The present tenant is an Iranian national and I have just discovered that no rent was paid for half a year.

I made enquiries at the university and discovered that this Iranian has not attended lectures for over 18 months. However, he has his final exam in the autumn and graduated at Christmas but he is not leaving Britain.

My agent consulted a local solicitor and I was told there was little they could do; evictions would take a long time and, considering the tenant's nationality and possible involvement in shady affairs, it would be better to wait until he left of his own free will.

Can a foreigner, who needs definite Home Office permission to remain in the country, simply not pay his rent (and possibly his utilities, too, for the last two months when he finally decides to leave)? And is there nothing one can do about it, short of sitting back and waiting?

Technically, the law does provide a remedy: you can sue the tenant for the rent. But unless the tenant has assets here which you can seize or distrain, the fact that he might disappear to a country which has no reciprocal enforcement agreement with the



No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

United Kingdom would leave you with no remedy in practice. With most countries, a judgment obtained here can be enforced in the other country.

# Costly delay

A friend of the family died in January 1984. His widow had a life interest in his estate but, on her death, the residue was to be divided between four beneficiaries. This lady died in early July 1987. The estate at this time was of considerable value but a very great proportion consisted of stocks and shares.

In August the beneficiaries received notification of the value of the estate, but the solicitors were waiting for the inheritance tax to be calculated. However, the trustees have still not sold the shares and the value of the estate has dropped very considerably owing to the crash in share prices in October 1987. The inheritance tax is considerable, having been calculated on the original July figure, although it is under review at the moment.

The solicitor is now suggesting that the shares be divided between the four beneficiaries in lieu of money. But should the shares have been sold in July 1987? The beneficiaries could be in danger of losing a great deal of money through no fault of their own.

It might be better for the beneficiaries if the shares are sold at a loss within 12 months of the testator's death, so that a claim may be made to reduce the inheritance tax payable under Sections 178-189 of the Inheritance Tax Act 1984.

# A dam nuisance

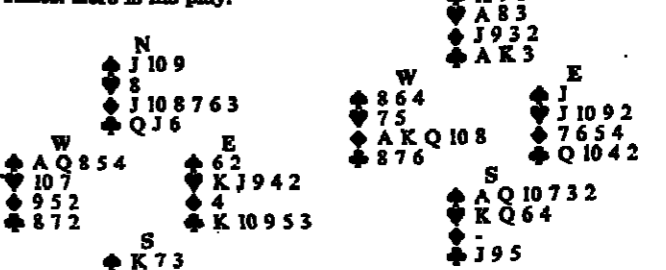
A small stream used to run between my property and that of my neighbour. About 15 years ago my neighbour, who owns the stream, built a dam and opened up a fish pond, placing a large earth bank along my boundary. In recent years, erosion has reduced this bank so that now it is barely higher than the back garden.

Can I claim against my neighbour for the damage caused; have the bank restored to its previous height; or have the dam removed?

Your neighbour probably can be held responsible for the overflow of water and you might even be able to require her to build the dam high enough to prevent further escape of water onto your land. This depends on her ownership of the whole of the stream rather than only half of its width, causing damage to my house and garden.

# BRIDGE

MY FIRST HAND today comes from champion Alan Truscott, the bridge editor of the New York Times. Here is his play:



The bidding is not to hand but Bruce, in the South seat, was playing six spades. West led the ace of diamonds. Ruffing in hand, South cashed the ace of spades and East dropped the knave.

That altered the whole thing. If neither spades nor hearts broke, there was a losing heart and also a probable club loser.

At trick three, he crossed to the club ace and ruffed another diamond with the seven of spades, crossed to the club king and ruffed a third diamond with the 10 of spades.

Finally, he led a heart to the ace and ruffed dummy's last diamond with the queen of spades. He crossed to the spade nine to leave a four-card ending in which East held jack, 10 and nine of hearts and the queen of clubs.

Now the spade king drew the last trump and, at the same time, squeezed East. The dummy reversal had already entered his contract but, as so often happens, it also operated a simple squeeze against East and South made 13 tricks.

E.P.C. Cotter

# Negligent solicitor

When buying my residence in 1978, the property included a small orchard at the rear for which I had no use. I sold this for a nominal sum to a market gardener whose house and land adjoined the orchard. I told my solicitor to include in the conveyance agreement a covenant to limit the use of this land to agricultural or horticultural purposes, in order to protect the value of my property.

Recently, the market gardener's property was sold to a developer, who has obtained planning permission to build one house on the conventional land.

It now transpires that my solicitor failed to register the covenant included in the sale document with the appropriate authority and I understand that, due to this negligence, the covenant is unenforceable. Is this correct? If so, have I any redress against the firm of solicitors of which he was the senior partner? I believe the individual is now deceased.

The covenant is indeed enforceable if it has not been registered, and you have a claim against the solicitor's firm (i.e. against the surviving partners) if he was the senior partner? If I believe the individual is now deceased.

# Living over the shop

I run a small family business from home offices in the supply of plants to florists etc but I am thinking of buying freehold premises. I have seen a suitable

property, built in the 1920s and costing £30,000, which for the past nine years has been used as offices for a building contractor.

Upon informing Birmingham Council of my intention, it stated that no planning permission was needed provided the property was used as a retail shop with living accommodation above.

Are any rules laid down for the minimum hours that a shop must be open to the public? And how must I comply with the living accommodation above rule, because I already have accommodation elsewhere?



So long as you do not use either part of the property for a purpose other than the relevant specified use, you should have no difficulty in complying with the planning requirement. You can open your shop for as short a time as you wish, but must not make any other use of the ground floor. Likewise, the living accommodation above does not have to be used; but when used, it must be only for residential purposes (not necessarily your own).

# CHESS

CRITICS of Britain's rise to the status of No. 2 chess nation often point to the fact that the advance has been achieved by only a handful of players. Short and Speelman are in the quarter-finals of the candidates' matches while this pair, along with grandmasters Nunn, Chandler and Miles, led the olympic silver medal teams of 1984 and 1986.

On several other counts, Britain does not measure up as a leading chess country. Below the top grandmasters there is quite a gap in strength, whereas the Russians and Americans have many 2,500-rated GMs.

Moscow's Central Chess Club in Goplovsky Boulevard and the Manhattan Chess Club in New York are open daily for experts to congregate and test their latest ideas in blitz play, but London has no comparable venue. In terms of major international tournaments, the UK lags behind Holland and Yugoslavia.

One encouraging trend is that Britain's young masters in their early and middle 20s are starting to achieve norms or qualifying scores for the higher GM title.

The International Chess Federation (FIDE) requires a GM to maintain a 2,500 rating (2000 in the UK) over two or three tournaments incorporating at least 24 games. Since most events are staged over nine to 11 rounds, this means in practice that the potential GM usually requires three norms.

Outside the regular Olympic group, Mestel, Fier and Plasschett already have the GM title while five more players, Hodgson, King, Kosten, Levitt and Watson, now have one or two GM norms.

Youngest still, 16-year-old Michael Adams, an exceptional player for his age, is at present competing in the junior international at Oakham School, Leicestershire, with an opportunity for a GM norm.

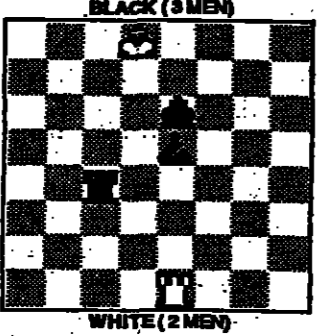
Getting your game from expert to GM standard rarely involves any drastic change in style or approach. Rather, it comes from experience as a regular participant on the international circuit, absorbing gradually the finesse of opening theory and sophisticated techniques in standard middle and endgame.

This week's game illustrates the point. Most strong club players, as White against the popular King's Indian or Benoni defences, will mass their pieces in the centre of the board or on the king's side, hoping to control an open file or launch a pawn advance against Black's castled king.

A subtler plan is to blockade the central front and switch White's pieces to a queen's side break-through, outflanking Black's centre and attacking his weak pawns.

Jonathan Levitt, who obtained his first GM norm recently at Saint John, Canada, wins here in impressive style. The star move is his 19 N-Q1 which controls the E3 square and thus holds up Black long enough for the White rooks to launch their invasion.

White: J. Levitt. Black: G. Hartmann.



PROBLEM NO. 717  
From the Yugoslav team championship, 1981. The last capture was at move 52 and this was move 53. Chess rules stated that if there were 50 moves on each side without a capture or a pawn move, the game was drawn. So Black (to play) had only three moves to force mate or win the White rook.

They continued 53... B-Q5?? 100 B-E3? Why were both moves blunders, and why would the players have been less fraught in 1988?

Solution Page XVII

Leonard Barden

# MORGAN GRENFELL

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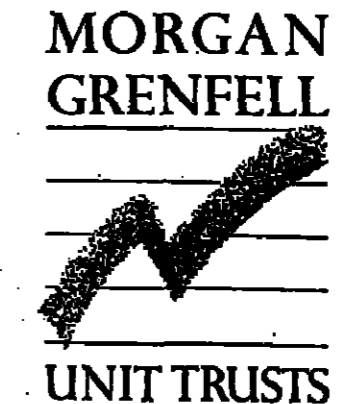
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**FINANCIAL TIMES**  
SUNDAY SUPPLEMENT



TRAVEL

South Korea is readying itself for a tourist invasion. Michael Thompson-Noel reports from the Olympic city of Seoul.

# Korea goes under the microscope

UNTIL quite recently the selection of Seoul, in South Korea, as the city to host the 1988 summer Olympic Games was seen as eccentric and perverse — another manifestation of the death wish that some say has settled on the Olympic movement since the slaughter of the protesting students in Mexico City 20 years ago.

The main objection to Seoul was its location — just 56 kilometres south of the demilitarised zone, or DMZ, that marks the border between North and South Korea and thus constitutes one of the world's most sensitive geo-political fault lines — a heavily-mined and constantly patrolled corridor that has bisected the Korean peninsula since July 1953. Today — touchingly — it occupies a niche in ornithological lore by providing ironic protection to several formerly endangered species of bird, among them the Manchurian crane.

There is still enough time between now and September 17, when the Seoul Olympics open, for all sorts of fisticuffs and posturing, or even more terrorism. Yet the Games are likely to proceed with a certain success — in which case the billions that the Koreans have spent may seem to be justified.

All of which will place Seoul — and South Korea — under the microscope, a process that is already well under way as a correspondent of *The Korea Herald* reported recently from Tokyo, with the Olympic countdown continuing, "so many of the publishing houses hereabouts are going great guns cashing in on it. You could say, why not? Why indeed? From the onset of this year, as far as I can see, not a week has gone by without seeing at least a fresh pair of titles on Korea today, yesterday or even tomorrow reviewed or advertised in the local press. The pitch of it is almost feverish."

And so it is. The Koreans are immensely proud of their battered capital, though the tourism people — as ever — tend to bathe it with an opaline glow where none is merited.

With a population of more than 10m, said *This Week In Seoul* recently, the Korean capital is one of the largest cities in the world. "Its rapid growth in recent years," it added, "has been amazing. Today the ever-enchanting metropolis shows an ideal blending of new and old. Royal palaces and other historic remains are either hidden behind groups of tall modern buildings or just seen from roadside so that people can find inside the take a stroll in a palace garden if they like."

It is certainly a mix of new and old. But it is also one of the ugliest big cities I have seen — all up hill and down dale and scarred by some of the shoddiest-looking, most undistinguished modern architecture you will see outside Russia.

Seoul also has a bad traffic problem (which big city does not?), though this particular irritation may well be swept under the carpet for the duration of the Olympics if the powers-that-be proceed with plans to crack down on Seoul's 500,000 private car owners by banning vehicles with licence plates ending in odd numbers on odd-numbered days, and even numbers on even-numbered days.

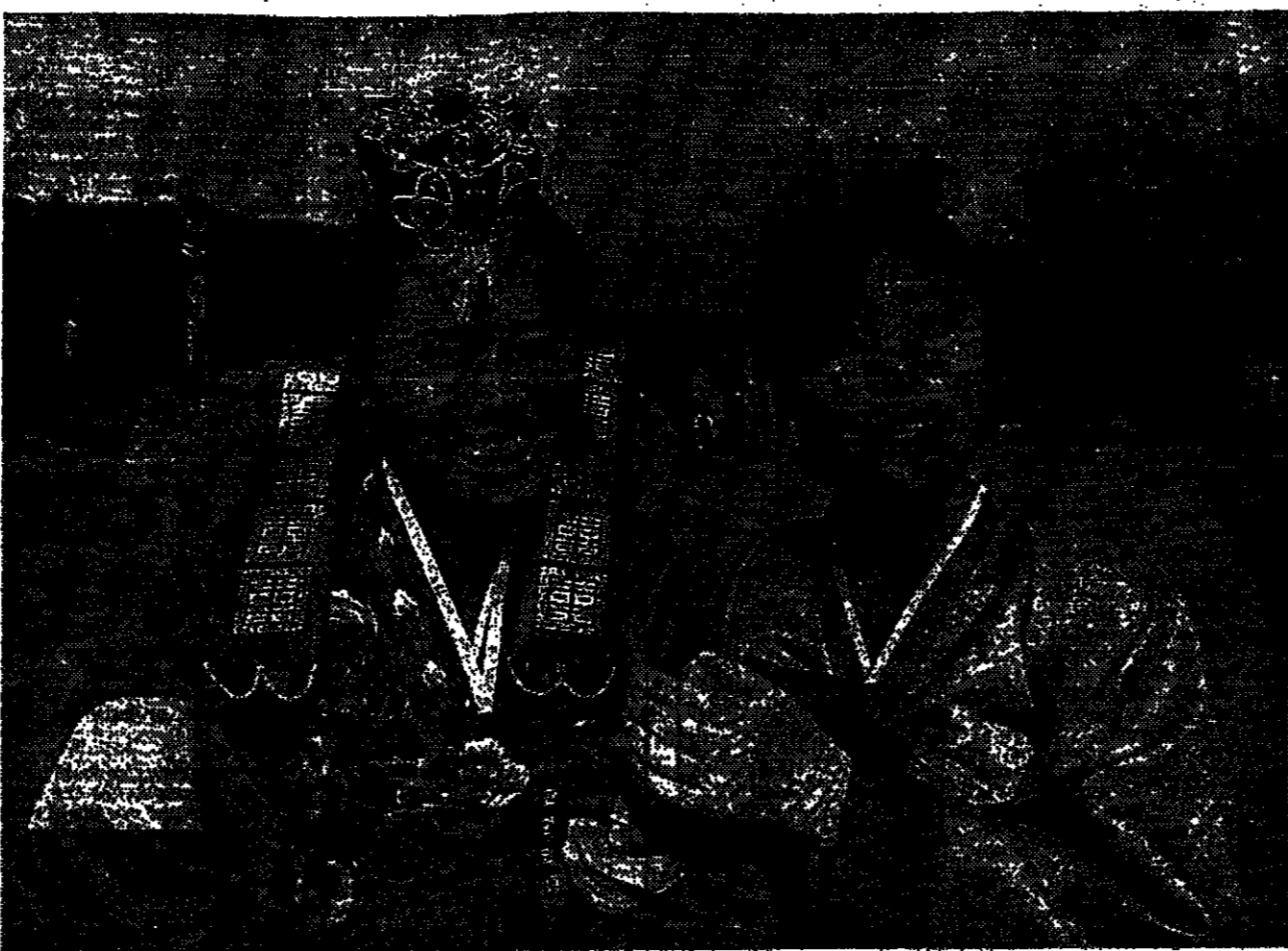
"It won't be perfect, but we prefer it to chaos," said a man at the Transport Ministry. The ministry hopes to keep things moving during the Games by using an extra 1,000 buses, and by running an additional 100 subway trains. Firms in Seoul are also being asked to help by encouraging their workers to take their annual holidays during the Games.

Though it looks dull and dusty Seoul is completely unremarkable. It is an exuberant and swinging city — thinks in large measure to the Koreans themselves who are tough, generous, humorous and friendly. They seem to work extraordinarily hard, yet are wonderfully addicted to life's sweet pleasures. And the women are beautiful — splendidly so.

The best way to see Seoul is to strike out on foot along one of the great boulevards and then to plunge down the first side street you encounter. At once you will enter an intricate otherworld of markets, restaurants, *tabang* (tearooms), *soju*-houses (small, noisy taverns), beer halls, shops (good buys include silk, ginseng, celadon, antiques, ceramics and made-to-measure clothes), barbers' shops (where just about anything seems to happen or be available), shrines and hidden temples.

Then plunge down a smaller street — at a food stall in one of them I saw 14 pigs' heads, pink and freshly boiled, with 14 pairs of trotters — and then a smaller one, and so on, until you at last feel the pulse of what is a bewildering but vivacious city. If you are truly into vibrancy, strike out for Itaewon, a shopping and entertainment district that stretches east from the US Army base at Yongsan and is dedicated to all earthly pleasures.

Seoul was originally surrounded by a ten-mile wall with eight gates, five of which survive today. Within the boundaries of the old walls are numerous palaces, temples and museums.



Korea is a mix of the old and the new — nowhere more so than Seoul. Here a Korean bride, posing with a friend, shows off her traditional wedding dress

Similarly, there is a wide choice of full- and half-day trips with which to wide away the time: among them, Kanghwa-do (Isle of Eulha, an important silk-weaving centre, 50 kms northwest of Seoul); Pannumjon (a village that straddles the DMZ, where more than 400 official meetings between North and South have been held since 1953); Suwon City (both a contemporary provincial capital and an ancient fortress city, 51 kms south of Seoul; Incheon (the site of Gen Douglas MacArthur's daring pre-dawn amphibious landing in September 1950, 39 kms due west of Seoul); Mount Sogol National Park (a three-hour drive by car; Sogol means "Escape from the Vagabond", and so on.

More ambitiously, there is plenty of scope for travel further afield. I shuttled down to Kyongju, in the Valley of the Sila Kings: an expedition that (without too much imagination) sweeps you back 2,000 years for a tour of Korea's golden age, the Sila era, which lasted only eight years short of a full millennium. Kyongju itself is run-down and shabby (though none the worse for that), but its importance lies in the access it provides to numerous temples, burial mounds, palace ruins, Buddhist statuary and other relics. At the Sila Kiln you can buy what one guidebook calls "authentic reproductions" of Sila pottery and statuary, and watch master craftsmen at work.

There are three ways to get to Kyongju from Seoul: a 45-minute flight to Taegu, then an hour's bus; the express train from Seoul Station, which is exceedingly comfortable and takes 4½ hours; or the express coach (also 4½ hours). I went by train and cer-

tainly did not regret it, though unless you speak Korean you may have trouble booking tickets. (Your hotel will book them for you.)

I travelled c/o Cathay Pacific Airways, the Mandarin Oriental (Hong Kong) and Hilton International (Seoul). Cathay has nine flights a week between Hong Kong and Seoul. Cathay's London-Seoul fares (via Hong Kong) start at £1,056 return.

Among guide books, ignore the Insight Guide to Korea, which is lavishly produced but empty-headed. Instead, Collins has produced an illustrated Guide to Korea by Daniel P. Reid (22.95) which is bang up to date. Even better is Korea Guide, by Edward R. Adams, which is very strong on culture (Seoul International Tourist Publishing Company, available generally).

Sportsworld will be using Korean Air via Europe, Cathay Pacific via Hong Kong, Thai International via Bangkok and Japan Airlines via Osaka. Korean Air and British Caledonian are planning to operate direct flights to Seoul by September.

It is a long flight from London, so you may want to break it up. Sportsworld is offering various stop-overs, including Hong Kong (three nights from £235), Tokyo (three nights from £225), Bangkok (three nights from £140) and Singapore (three nights from £175).

Sportsworld is at 228 Old Compton Road, London SW5

BRIEFING

FIRST-CLASS hotel accommodation in Seoul is likely to be extremely scarce — probably non-existent — during the fortnight of this autumn's Olympic Games (September 17-October 2), mainly because it will be packed with officials, dignitaries, *mesjeh* and other travellers.

But you still have time to secure a Games package. Michael Norris, chairman of Sportsworld Group, whose Sportsworld Travel is the UK's only official Olympic agent, says the level of interest has been extremely high, with more than 5,000 inquiries on his books to date.

He says he has plenty of plane tickets, plenty of Games tickets, and lots of accommodation in the Olympic Family Towns — located near Olympic Park, one of the two main competition sites — which will have a total of 12,000 rooms when it is finished: 2,300 for athletes etc and 9,700 for tourists. I visited these facilities a few days ago and very comfortable they are, with excellent access to the Games venues and to downtown Seoul.

This week Sportsworld released a 16-page brochure offering a range of tours from eight to 17 nights and from £1,400 to £3,295 — including airfare, accommodation, breakfasts and transfers. Events tickets are not included in the price. These can be ordered separately, ranging from \$7 to \$14 and rising to \$100-\$200 for the opening and closing ceremonies.

There are two other types of accommodation to bear in mind: *yogwans* (simple Korean-style inns, 250 of which have been deemed suitable for Olympic tourists). And there is a home-stay programme, whereby you stay in private homes at a cost of £10 (during the Games) of £25 single occupancy and £50 double.

Sportsworld will be using Korean Air via Europe, Cathay Pacific via Hong Kong, Thai International via Bangkok and Japan Airlines via Osaka. Korean Air and British Caledonian are planning to operate direct flights to Seoul by September.

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J.M.H. Tele (01) 370-4515. Telex 268726. Fax 01-370-7186.

ARE WE all ready for a successful Olympics? Of course we are — by order. This week in Seoul recently carried the news that restaurants near the Olympic venues are being tried in no uncertain terms to provide non-smoking areas. This will affect 2,300 restaurants, plus 8,900 smaller eateries.

"Restaurants are not forced by any means," said the publication, "but what the authorities and concerned organisations judge necessary for a successful execution of the world sports event is what none will oppose because all the nation is eager for the success of the Seoul Olympics. Even people against the present administration can hardly fail to support Olympics."

According to a travel operator in London: "The Games ought to be a spectacular success. Unlike Los Angeles, Seoul is under no obligation to show a profit. If any problem arises, they'll throw at it whatever money it takes to buy themselves a successful Olympics. But they've got a long way to go before their tourism bureaucracy can match the PR skill of Thailand or Hong Kong, for example."

BETWEEN August 1 and October 18, 18 special locally-arranged tours will be available via the Korea National Tourist Corporation (KNTC), 68 Tour Reservations Dept, 12th floor, Tourism Centre Building, 10 Ta-dong, Chong-gu, Seoul, Telex: KNTASKI, K2311.

VIETNAM can stay up to 15 days in Korea without visas. Some can stay for 90 days, including those from Austria, Belgium, Denmark, Germany, Holland, Spain, Switzerland and Britain.

IN LONDON the KNTC is at Vogue House (2nd floor), 1 Hanover Sq, W1R 9HD. Tel: (01) 408-4151. Other telephone nos: Los Angeles (212) 625-1232/7; New York (212) 689-7543/4; Chicago (312) 346-6600/1; Seattle (206) 441-6668; Frankfurt 069-233226; Paris 45-38-71-23; Zurich (01) 918-0863; Tokyo (03) 556-3941/2; Osaka (06) 256-0947/8; Singapore 3300-412; Hongkong 8-238063/7; Sydney 274132/3.

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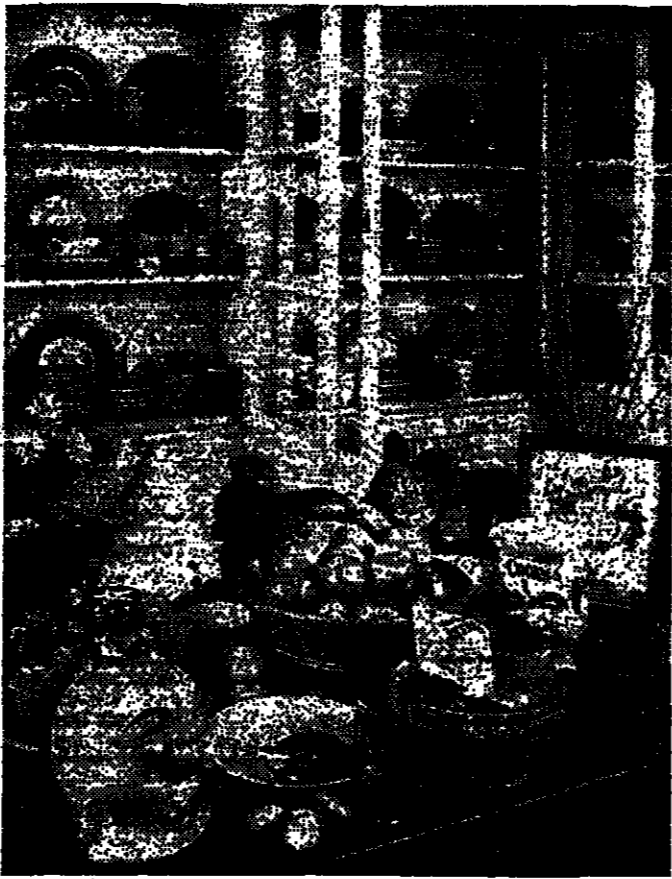


COLLECTING

Anthony Thorncroft examines Andy Warhol's magpie collection

Weird but hardly wonderful

ANDY WARHOL'S reputation as an artist - brilliant innovator or meticulous con man - can safely be left to posterity, which will doubtless change its mind each generation. His status as one of the great eccentrics of the 20th century will stay secure.



The Warhol kitchen, the centre of his waking domestic life. The Harlequin coloured Fiesta wear should make ridiculously high prices.

content to let the roller coaster go on without him. Sometimes he would put on one of his hundred or so leatherjackets, his blue art deco jewellery and watches. One of his few flamboyant acquisitions was a pair of Carmen Miranda's shoes.

If there was no overall consistency to Warhol's collecting, no all-embracing link, he can be credited with always being ahead of the herd. All the main areas of his eclectic collection subsequently became fashionable - art deco, American Indian art, American furniture and folk art, contemporary art. He bought cheaply for Sotheby's to sell expensively: Warhol's total outlay on art was certainly less than \$3m, a fairly insignificant sum for a man who could sell a silk screen image for \$100,000.

If anyone still trusts Warhol's collecting judgement, in his last days he was buying up 19th century bronzes. He also seems to be entering a fairly predictable stage of megalomania: one of his latest buys was a large bust of Napoleon, attributed to Canova, which confronted the rare visitor to his mansion.

Perhaps his very last significant purchase was a vase, almost three feet high, made by Marc Louis Solon for Minton in 1903. Sotheby's sold it for \$12,650 in October, 1986 and Warhol bought it from the dealer-buyer. Its classical imagery is hardly of the kind that the apostle of pop art would be naturally associated with. But Warhol, who pioneered one extreme, was to die embracing another and far older tradition.

There was little pop art in his home and there is little in the sale of top quality. He does not seem to have been a great appreciator of American contemporary art. There is some Roy Lichtenstein, Cy Twombly, and Robert Rauschenberg. A Jasper Johns, estimated at up to \$450,000, could be the most expensive item at the jeans, his glasses and his wig to go to a party, but most of the time he lived through his image. Now anyone can buy into the Warhol business, acquiring one of his 300 and more watches, or the 260 items of jewellery which he wore, if ever, under his clothing. All of Warhol's legend is up for sale, (except his wig). And anyone not prepared to pay exorbitant prices for what are very attractive trifles might buy the set of catalogues for \$50, which are embraced by nicely indiscreet memiors by his friends.

Warhol had more than his fifteen minutes of fame, but was sand dollars. He rarely gave things away, but he did make a present of a Deco "refrigerator ware" pitcher to a friend. It had cost him 50 cents but he was happy to discover that the price had doubled once Warhol was known to be a buyer. He bought to prove he was alive, to surround himself with objects, to grab the present. He collected "friends" in the same way, indiscriminately. The objects played little part in his very private life.

Like many a manufactured personality he would retire to his bed, in a room furnished from the late 18th and early 19th century, with its frieze of decorative wallpaper and its Sheraton four-poster bed. Above him was a crucifix, alongside a devotional book, for near the end he was a generous Catholic. Close by was the vast television set, with its videos of great old movies.

Now the veil has been shattered, and Sotheby's has the rewarding task of disposing of the effects of a man who turned out to be a compulsive, indiscriminating hoarder, who led the *avant garde* from a base of genteel old fashioned splendour; and whose philosophy of art seems to be incoherent to the point of infantilism.

From April 23, for ten days, Sotheby's is selling in New York Warhol's estate wrapped up in over 3,000 lots. Artists' charities will be the beneficiaries. The sale-room anticipates handling over to the executors up to \$15m. Given the interest in Warhol, and the sheer oddness of many of the items up for sale, the total will be much higher. It is the biggest auction ever held in the US - and the strangest.

Nothing created by Warhol is on offer - a studio auction may be arranged later. As he got weirder and weirder Warhol, with a chum, began every day with a shop. Always happier to spend \$100 dollars on a thousand eye catching novelties rather than \$100,000 on an established work of art, Warhol soon ran out of space for his cascading collection.

The goods piled into his house, gradually squeezing him and his two Filipino maids into the kitchen and the bedroom; into the Factory, later the Studio, where he worked with his cronies; and finally into warehouse storage. When Sotheby's made its inventory it came across antiques Warhol had bought at auction which were still in their Sotheby's packaging.

The collecting mania had started young, with autographs of the Hollywood Stars. It was a fascination that never left him and many of his subsequent buys recreated the cinema of the 1930s, and 1940s, especially the heavy

action. The David Hockney portrait of Warhol is underestimated at \$80,000, but Warhol, by the end, saw his work as just a moneymaker and was out of sympathy with his fellow artists.

Henry Geldzahler, former curator of 20th century art at the Met in New York, perfectly captures Warhol's attitude to collecting. On leaving the Factory one day he was advised by Warhol to visit Alan Moss, a dealer in 20th century furniture and decorative arts. After he left Warhol phoned Moss and said "Whatever Henry buys I want the same or one just like it". By such secondhand, even underhand, means he acquired a much admired group of 20th century furniture.

There is only one part of the auction which attracts the envy of serious, informed collectors. That is the art deco. Warhol was buying in the 1930s, often paying a few francs in Paris flea markets for items now valued by the thou-

German Dams advertisement with text about dam construction and safety.

Westminster Antiques Fair advertisement for April 21-24, featuring a large illustration of Westminster Abbey.

Frost & Reed Ltd advertisement for Montague Dawson's 'Speedy and Gann' painting.

Oliver Swann Galleries advertisement featuring a painting by Fritz Goosen.

Richard Green advertisement for a 19th-century European painting.

Royal Exchange Art Gallery advertisement for a painting of the ship 'Antiope'.

Phillips advertisement for Staffordshire and Suffolk property, including a large photograph of a stone wall and text about property sales.

Crowtherson Lyon Lodge advertisement for period panellied rooms, featuring a large photograph of an interior room.



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Audrey Powell looks at foreign holiday homes which are suitable for families

Something to suit every taste and pocket

THE RANGE of property abroad which is offered on the British market is continually fragmenting in a similar way to new housing at home. Those walls of identical flats along the Mediterranean coast and acres of white mini-villas have given way to just about every size of property one could want at different stages of family life.

While studios for the loner are everywhere, finding the right holiday home abroad for families with very young children may not have been easy. Humming them through airports and then keeping the more lively in check while in the flats can try parental tempers.

Perhaps the little houses being built amid the sand dunes at Le Touquet in northern France could be the answer. You can cross by car to Boulogne. The development is 20 minutes' drive from the port, with the houses built in clusters. Ramps control car speeds on the few roads. A short walk over the dunes brings you to miles of beaches with safe bathing, and windsurfing and sailing for adults.

The houses, built by Ferinel are designed for the French holiday home buyer and are being tried on the British market for the first time. There is a living room, reached through an entrance lobby that doubles as a kitchen. The bathroom is downstairs, entered from the living area. Open tread stairs go to a gallery landing that acts as a second bedroom and leads to the main bedroom. This gallery would take a pair of bunks which, with a convertible settee downstairs, would allow the house to sleep five. The living area patio doors are double glazed, like the windows, and all have outside wooden shutters, so the place can be securely locked. Each house has a small garden.

This type, the smallest of Les Cottages du Touquet, is £24,000. Larger versions go up to £45,000. You pay £10 per month for car-parking and street lighting. English agents Villotet (28 Gratton Terrace, London NW6 4JJ) will fly people over in the firm's own aircraft for a first look.

But suppose the family is older and seeking something more sophisticated? If the vote is for Spain and the coast, you may believe that Marbella is the only place to be. A development being built close to the Hotel Don Pepe has a spread of prices and types of apartment that is hard to rival. This is Los Cipreses, offering, within six blocks, a range of one- to five-bedroom apartments, from £98,500 to just over £1m. One block fronts on the beach and adjoins the Club Nautico, which will provide a swimming pool and leisure and sports facilities for owners of all the 137 apartments. Three other blocks are spaced back towards the dividing road and the last two are on the other side.

Some have offices and shops at ground level. There will be marble flooring, satellite TV, mini saunas, wide terraces, underground parking and some private swimming pools. Then there are to be landscaped gardens, fountains and waterfalls. It would be a difficult family that could not find something here.

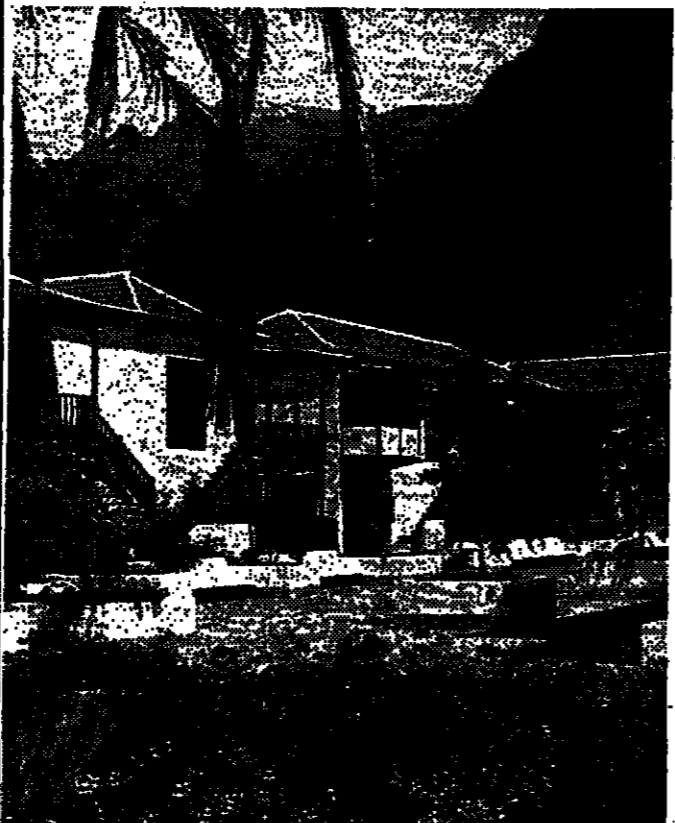
The Spanish developers, Club Financiero Inmobiliario, expect work to be completed by the end of the year, but they are selling now from plans. The London agent is Struzis (5 Milner Street, SW3 2QA).

But the Costa del Sol is not a place for winter months. If the younger family has now gone its own way, you may be seeking somewhere in which to spend longer periods in the sun and where a little more tax saving than the Chancellor has offered might not come amiss. The answer could be Malta, where the weather rarely lets you down, and where from January the Nationalist Government may offer income tax to 15 per cent for holders of permanent residents' permits. It wants more settlers to come and spend their money. But it prefers upmarket ones - so it is those with incomes of £18,000 or over who can take advantage of this scheme. Other foreigners are free to buy in Malta and its sister island of Gozo, as long as they pay over £14,000. Prices on the islands are reasonable. Such buyers can use their property as a holiday home, but must not let it. Temporary residents can remain on the islands by renewing permits, but they do not benefit from the tax concessions. The Malta Government would like some 5,000 well-heeled Britons and other foreigners to come there as permanent residents, hence the carrot of the tax cut. Such residents do not have to stay there continuously. Holders of a permanent resident's permit can come and go as they wish, but they must buy or lease a property.

As another indication, the controversial estate duty rules have been changed, so that duty is now only charged on estate in the island. There is a lot more detail and there are variations on requirements. Pending an official brochure, Malta Property Consultants, 6 Bealshigh Court, Church Crookham, Aldershot, Hants GU13 0UQ (associated with Cassar & Cooper, Sliema, Malta) and Frank Salt, 2 Paceville Avenue, Paceville, Malta, a former president of Malta's Association of Estate Agents, will send information about the new regulations, and property lists. Frank Salt is jubilant about the changes. He says: "There is going to be a big boom here. It has started already. We are inundated. At least 60 per cent of our clients are now foreigners."

So what can you get on Malta and Gozo? Balconied flats overlooking the yacht marina at £14,000; a water's edge penthouse, with three double bedrooms and two bathrooms, for £63,000, or a four bedroom, two bathroom, seafront villa with air conditioning, double garage, terraced garden and swimming pool for £134,000. Like many realties, this comes furnished. But the attraction for the British are Malta's old properties - the cube-shaped ones, made of blocks of mellow local stone. Or the farmhouses, which are usually part of the village - inward-looking, with arched ceilings, built around a central courtyard with external staircases to the upper rooms. Unconverted they average £14,000; converted, from £27,000.

A nest in the Canary Islands



Apartments at Los Gigantes, Tenerife

MANY BRITONS have bought a second nest in Spain's Canary Islands - seven specks scattered over 300 miles in the Atlantic Ocean - particularly in Tenerife, the largest island, and their numbers are increasing.

A few years ago, an international airport was built in the south of the island and a new motorway constructed. Improved communications have led to a new resort at Playa de las Americas and the expansion of Los Cristianos, a once-quiet fishing village.

The development rate in the south of the island is phenomenal, running at around 6,000 new beds a year, with plans for more accommodation and a new marina. Just ten years ago, Playa de las Americas was little more than scrubby desert, dotted with cacti and the odd mad, wild donkey. Now, huge hotels and apartment blocks proliferate, and massive signs announce exclusive "buyers' estates".

Buyers are mainly British, paying anything from £20,000 to £250,000 for a place in the sun. But prices are considerably cheaper than those on the Costa del Sol. Close to the sea and a short walk from the village of Las Galletas on the Costa Del Silencio the apartments Parque don Jose are proving popular with British buyers. There are 289 one and two bedroom apartments. Prices there have risen from between £24,000 and £45,000 to £35,000-£61,000 in just two years. Units are fully furnished and equipped for self-catering.

Owners who wish to let their property are guaranteed a first-year rental income of £3,000, inclusive of all running costs, on an 11-month basis, leaving them four weeks a year to use their apartment. Tenerife benefits from year-round letting. Inquiries: Lindsay Noble, Canary Island Properties (Parque Don Jose), 46 Victoria Road, Sarbiton, Surrey, Tel. 01-896 7887.

Investors from Britain and overseas have been interested in Golf del Sur, a 1,300 acre estate with a golf course and low-density holiday villages, near Reina Sofia airport. Emphasis is on quality and speed of completion. Prices are rising and one of the best developments with room for investment is Green Park, a block of furnished flats, overlooking the golf course. There is a three-tier pool and tennis courts. Prices of studios, one and two bedroom flats, are from £30,490 to £50,000.

At Cabo Blanco, neat white-washed terraced houses are selling from £75,000 for two bedroom, integral garage and roof sun-terrace. Overlooking the golf school the 147 Sand Club Villas offer a range of styles and prices from £45,000 for one-bedroom homes and from £85,000 for two. Luxury apartments are also planned.

For details about properties at Golf del Sur contact Howard Taylor at P1, 34 Ship Street, Brighton, Sussex. Tel. 073 734382.

Many Britons are buying Canary Island farmhouses and village houses complete with rustic balconies, beamed rooms and oak floors. Robin Brockcart of local estate agents Castillo Sur says: "Price drop by around 300 per cent of the island as a whole is underway. You might get a land plot with a farmhouse for around £30,000. Hilda, have several properties on their books priced between £10,000 and £60,000. A new precast that might appeal to those seeking a more permanent home is Country Life, a residential complex being built close to the village of Arona, around 15 minutes drive up into the hills above Los Cristianos.

The detached two-bedroom houses in a small complex built around a pool, are selling from £44,000. Building plots are also available priced from £7,500. A three-bedroom farmhouse can be built for around £51,000, including land costs.

Details of these homes and the Country Life project can be obtained from Robin Brockcart of agents Castillo Sur, And Suedia 18, Los Cristianos 38530, S. Tenerife. Tel. 010 3422 792319/282124.

Further west, along the rocky coast road to Los Gigantes, named after cliffs that surround this peaceful little resort, is San-Sofo. This is Aer Lingus Espana's property show-place and includes a five-star hotel, built in partnership with a local developer, Kurt Concal.

Director General, Aer Lingus Espana, Puerto Santiago, Los Gigantes, Tenerife. Tel. 010 3422 86742.

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BOOKS

David Thomas on three books which take the Government's Education Bill to task

Testing tomes for Mr Baker

A COMMON POLICY FOR EDUCATION by Mary Warnock. Oxford University Press. £12.95, 185 pages. BENDING THE RULES: THE BAKER 'RESPONSE' OF EDUCATION by Brian Simon, Lawrence and Wishart. £2.95, 126 pages (paperback). TAKE CARE, MR BAKER edited by Julian Haviland. Fourth Estate. £3.95, 288 pages.

THE MOST important set of reforms to Britain's educational system for 40 years is being introduced through Parliament yet there is no national consensus on the questions it should be addressing. Much of the educational establishment stands ready to raise their eyes against Kenneth Baker, the Education Secretary, to judge from the first crop of books about the mammoth measure.

There is scant agreement on what education should do. Yet paradoxically, as Mary Warnock writes, most people agree that education should do something, and that it is not doing this something. Lady Warnock takes this dismay as her starting-point for a root-and-branch re-think of the aims of education and the way those aims should be pursued.

Her main purpose is not to criticise the Baker Bill, yet most of the assumptions underlying it are tested and found wanting. She points, for instance, to the danger that the new power for schools to opt out of local authority control will encourage even wider standards between schools in the same area.

Lady Warnock is particularly scathing when writing of the new sub-lethal parents' Pacts, out, she reminds us, are capable of voting in the same opinion poll for a return of the grammar school and against a return of the 11-plus. Many parents tend to have, at best, a passing interest in a particular school and as a body can be swayed by small groups with firm views.

But the burden of the book is constructive, not critical. Starting with the secondary school, widely seen as the epic-

entre of the present educational malaise, Lady Warnock produces a string of proposals of breathtaking boldness. Only when she arrives, nearer home does the Mistress of Girton College, Cambridge, rein in her radical impulses: her suggestions for the universities, such as an extra term to help prepare mature students for more challenging curricula paired with her ideas for secondary schools.

The abolition of A levels, the replacement of all age-based exams by graded tests taken when pupils are ready, the division of subjects into the theoretical and the practical instead of into arts and sciences - these are just some of the ideas propounded within this slim volume.

It might be feeble-minded to object to them simply on the grounds that as a package, which is how Lady Warnock wants them judged, they would entail a greater upheaval of the school system than anything envisaged by Mr Baker. But it is discouraging that so little space is devoted to exploring the practical implications: just how schools, for instance, could organise a system under which pupils took a series of graded tests in each subject as and when they were ready.

Lady Warnock has much to say about bringing her philosopher's training to bear on the model of teaching hospitals, and argues convincingly that teaching has no chance of attracting the most able people until pay, particularly for senior teachers, is a lot better.

A Common Policy for Education is consistently thought-provoking. In Bending the Rules Brian Simon, emeritus professor of education at Leicester University, has engaged in a more limited project - a systematic demolition job on the Baker Bill.

The book is useful in expounding just how big a change the Education Reform Bill is seeking. It also makes many sensible criticisms of the Government's proposals: many governors and head teachers are unprepared for the powers to be devolved to them; the severely reduced ability of schools to refuse to accept pupils may play havoc with local planning.



Lady Mary Warnock: a root-and-branch re-think of the aims of education

But Bending the Rules is spoilt by two feeble and not unrelated themes running through it. The first is a wholly unconvincing conspiracy theory. The reason education came under attack is because industrialists picked it as a scapegoat when their own dismal performance sent the economy into a nosedive in the 1970s. The Government's intention is to destroy the education enjoyed by the working classes and to improve standards in those schools frequented solely by the children of yuppies.

The second is the unattractive assumption that merely to record the objections of the educational establishment to a part of the Baker Bill is enough to show it should be discarded. When the book notes approvingly that no fewer than 25 "educationists" gathered in October at Warwick University to laugh and shout

"shame" at a junior Education Minister, the reader begins to understand what is driving the Government.

The substance of Brian Simon's book overlaps with an excellent reference book put together by Julian Haviland, former political editor of The Times. Take Care, Mr Baker. It extracts many of the hundreds of comments sent to the Education Department about its proposals. Most are extremely sceptical. Mr Baker has a lot of people watching him.

A third edition has appeared of Power With and Without It by The Press and Broadcasting in Britain by James Curran and Jean Seaton (University Paperbacks/Routledge £8.95, 372 pages.) Originally published in 1981, the work assesses the influence of the media.

John Lloyd on an appreciation of the life of a great early pioneer of human rights

When common sense was all the rage

THOMAS PAINE by A. J. Ayer. Secker and Warburg. £12.95, 206 pages.

TOM PAINE had the kind of effect on politics of which theorists and journalists dream. His first major work, Common Sense, was perhaps the major factor in joining the leaders of the American colonists out of their constitutional rut to revolt against the British Crown: his Rights of Man spoke directly to the debates in the French revolutionary convention in the early 1790s - and Paine first met with Condorcet, a constitutionist and his last great work, Age of Reason (written to dispute that the Bible was the voice of God) is held to have "ruined the soul" of young men, according to a contemporary handbill.

He also puts most - all - contemporary theorists and journalists to shame for courage in advancing his opinions in the face of enemies on every side. Common Sense got him some money (and much) and an official position in his adopted America (he emigrated from England in 1774) - but Age of Reason was denounced everywhere as blasphemy and Rights of Man had him declared an outlaw in England and contributed indirectly to his imprisonment in France. He constantly refused both office and money, made very little from the colossal sales of his pamphlets (Common Sense sold some 250,000 copies and Rights of Man may have sold twice that) and was largely neglected. His reputation was not really made until our own century, in which he has been elevated to the American Hall of Fame and made the subject of a song by Bob Dylan, in his honour and in praise.

Ayer's book is a wholly unusual one. He does the great



A J Ayer: a witty series of reflections

service of analysing the three major works at some length, setting them deeply in their philosophical and political context: at the same time, he takes brusque issue with what he sees as Paine's mistakes; and further, towards the narrative with contemporary asides of his own. The effect is one of an inspired, polymathic, rambling appreciation, in favour of a sometimes tetchy, sometimes witty series of reflections. For instance - after describing

what he calls "Paine's blueprint for the welfare state," he embarks on a lengthy aside in which he rejects the fashionable assumption that the welfare state has been "discredited" and continues:

"We hear much at the present time of the failure of Britain to keep pace with other Western countries in economic growth. It is supposed to justify the retention of a government which fosters and relies on an appeal to greed. But the standard of living of the average Englishman is higher than it has ever been in the past, and far higher than that of the vast majority of the world's population. Why should it matter to us that the citizens of a few other countries live, on the average, even more luxuriously? The question we should be asking is whether we are not purchasing the standard of living that perhaps a majority of us do actually enjoy at too high a cost to the large numbers, even of our own countrymen, who are less fortunate than ourselves. But the book is more than a polemic: it is also a celebration of values and an attitude to life. Ayer observes, sadly, that Paine's ideals of full participatory democracy, respect for civil rights, an end to unearned privilege, social responsibility for the weak, are observed more in a symbolic than in a practical sense by governments. Modestly, Ayer offers as a summation of his subject's character the conclusion of H.N. Brailmont's essay (in his Studies, Collier 1957, pp. 191-3) which, on his own evidence, probably cannot be bettered. "The neglected pioneer of one revolution, the honoured victim of another, brave to the point of folly, as humane as he was brave, no man in his generation preached republican virtue in better English nor lived with a finer disregard for self."

Long march in Africa

THE RACE TO FASHODA: EUROPEAN COLONIALISM AND AFRICAN RESISTANCE IN THE SUDAN by Lewis. Bloomsbury. £15.95, 304 pages.

IN NUMEROUS reworkings of the Scramble for Africa, the tale of Jean-Baptiste Marchand's long march has formed a natural finale. By 1898, when the captain raised his country's tricolor beside the Nile in a vain attempt to upstage Kitchener, the carve-up was almost complete. It is a great adventure story of that kind, of a Frenchman who, by leading 150 black *ardouilles* from the Congo's mouth to the heart of the continent.

Why, however, should the familiar "race to Fashoda" be recounted yet again, at this time? For all the controversy is not so far away. Professor Lewis, an American historian, has his reasons for it: he is black and wants to set Marchand in the context of African resistance to the onset of colonialism along the expedition's route. This book is a pleasing effort to correct the Eurocentric interpretation of how the meeting of white rule was imposed. Unfortunately, the author has set himself an impossible task.

simply because virtually all the records of the period were written by the colonisers (only in Ethiopia and the northern Sudan was there indigenous literacy). So inevitably Lewis has to search around in the archives for the white intruders' version of what the black inhabitants did and said during the confrontations.

Since the whites often had a lot to hide, especially in King Leopold's appalling Congo, their accounts were tendentious. Nothing better obscured the awkward details of how you had thrashed the daylight out of some truculent tribe than playing the cannibalism card. There was plenty of it, of course, and Lewis does not shrink the history by the victor of Omdurman. After drinking Marchand's champagne, Kitchener tells him firmly to clear off. The tricolor is sadly lowered, and the march is resumed, to Djibouti and home.

This book suggests that if Britain and France had gone to war for control of the Upper Nile (never really likely, despite the raving editorials in London and Paris), the African resistance might have gathered strength and fended off colonialism. It is a brave hypothesis. What is more arguable is that the British obsession with the Cape-to-Cairo dream meant pushing the borders of the Sudan right down almost to the Equator, tying together peoples with few ethnic similarities, and so creating the basis for today's bloody impasse.

Richard Hall

Paperback Fiction

Cashing in on a world of risqué business

FINANCE HAS come out of dusty textbooks and onto the fiction lists. It is hardly surprising. The combined forces of Wall Street and the glamorous high-profile lifestyles of the modern financier, has proved a gift for thriller writers.

When Emma Latham was writing financial detective stories twenty years ago, it was still possible to characterise bankers as shrewd, cautious, respectable types. That image has been swept away by the high-risk, highly risqué financiers of today.

It is a world of sex, fast cars, big money, and when the books are finished, more sex. These books contain more tender moments between the sheets than on the stock exchange. Thriller writers have caught up with the financial revolution but not with the spread of AIDS.

Take Gordon Gecko, the reptilian corporate raider who is the villain of Wall Street (Grafton, paperback, £2.95, 206 pages), the book written by Kenneth Lipman from Oliver Stone's film. When a tip from his young protégé, Buddy Fox, turns out to be correct, Gecko sends off, by way of thanks, a prostitute in a stretch limo, complete with supplies of cocaine.

Women are as much a commodity in these books as a cockly future. They may pursue glamorous careers - but their primary function seems to be the favourite, but they are ready to hop into bed at the drop of a chequebook. Even the super-smart Wall Street Journal reporter ends up entwined with the hero - a cross between Paul Valdez and Henry Kissinger - in Paul Erdman's The Race of '89 now in paperback (Grafton, £2.95, 288 pages).

Mr Erdman, who could claim to be the king of the genre, rarely lets plausibility get in the way of the plot. "These Goddamn crazy little bastards," he has Mikhail Gorbachev exclaim in response to a Venezuelan plan, involving Swiss bankers and Carlos the Jackal, to bring down the American economy. Mind you, having finished the book, it does seem a reasonable comment.

Also, when all is revealed, all is unsatisfying. Patterson digs up that old cliché, the Russian spy who is a master of disguise and throws in, for bad measure, a dark conspiracy at the heart of the US establishment. A good opening is completely wasted.

Those thrillers which abandon the global approach and concentrate on the individual caught up in murky monetary mazes are better value. Even in Wall Street amidst all the sex and the leaden prose - "Bart's internal turbulence intruded on his external grief" was my favourite - there is the occasional golden moment.

When Gordon Gecko defends his position as a corporate raider at a shareholders' meeting of the target company, you get an idea of the complex issues involved in the world of mergers and acquisitions. But by the end of the book, we are back in the moral simplicity of the case, while the cold, blue collar good - that characterised Oliver Stone's Fission.

Paul-Loup Suttner's Money (Grafton, paperback £2.95, 336 pages) has all the energy and vulgarity of a comic-strip. Not a book to lend to your grandmother but it does communicate the "buzz" that some people get from money, as the hero devises ever more elaborate schemes to gain revenge on those that defrauded him.

The heart does sink when faced with the despatch of Tabasco (Grafton, £10.95, 368 pages), a book about an industrialist called Kurt King, and written by "J.R. Johnson. But after the first 200 pages, the author manages to leave the world of Dallas and Dynasty well behind, and the subsequent story of the battle against corporate raider Zensu, is both realistic and enthralling. Nevertheless, the financial thriller has yet to find its middle-brow champion, an author like Conan Doyle or Le Carré who can establish a genre's popularity. Financial fiction needs its own conventions and symbols - until it does, it will be stuck in the "smut and shabby foreigner" world of so much modern pulp fiction.

Philip Coggan



Detail of painting of a barque by H.R.J. Everett (1876-1949). It is one of numerous illustrations in the Concise Catalogue of the Oil Paintings in the National Maritime Museum (Antique Collectors' Club, £45.00)

Harsh lessons

TIME OF OUR DARKNESS by Stephen Gray. Frederick Muller. £11.95, 328 pages. LITTLE MISUNDERSTANDINGS OF NO IMPORTANCE by Antonio Tabucchi, translated from the Italian by Frances Franny. Chatto & Windus £10.95, 136 pages. THE DREAMS OF GENERAL JERUSALEM by Peter Marra. Bloomsbury. £12.95, 242 pages.

Time of Our Darkness is the candid story - by a South African academic - of a love affair between a gay white teacher and his star black pupil, who is 18 years old. It is pretty crude, and not all women readers will enjoy its stark account of a homosexual trying to make love to a woman - that is to say, they may with some justice feel that their sex is being misrepresented. If not misunderstood, but, although more in the nature of intelligent propaganda than literature, Time of Our Darkness provides many insights, not least into how the atmosphere generated by intolerance, brutality, or at the very least de-sensitisation, even among its opponents.

Little Misunderstandings of No Importance contains 11 stories by the leading Italian novelist, Antonio Tabucchi. They are outstandingly well translated by the vet-

eran translator, Frances Franny. The tales, gently allusive, are exquisite in their whimsical obtuseness. The title story relates a truly shocking and tragic situation in a manner so dispassionate that one has to go back to the beginning to be sure what one has read - but this, we are convinced, is exactly the way in which the worst things do happen. Elsewhere Tabucchi more than recalls one of his great and still neglected compatriots, Pirandello, and, since he never merely imitates any writer, one can scarcely ask for more.

Peter Marra's The Dream of General Jerusalem is a highly efficient and well-informed account of American-African corruption under the guise of good will. A "new" African nation is planning to build a model city with the money from an American foundation. But the personality of the charismatic leader, the lobby of the bureaucrats, the dreams and ambitions of those in charge - all these thwart and finally destroy the scheme. The writing and characterisation here are on the elementary side, but are competent enough to bring out in bold relief the book's humanitarian message.

Martin Seymour-Smith

Faith on trial

THE TRIAL OF FAITH: THEOLOGY AND THE CHURCH TODAY edited by Peter Eaton. Churchman Publishing £12.95, 288 pages.

THIS CONTRIBUTORS to this collection of essays are haunted by the fear of seeing the Anglican Church degenerate into an association of clubs for people who like to indulge in a leisure time pastime called religion. Their fear is well-grounded. Archbishop Tutin and two American contributors argue for very specific social and political commitments. Certainly, in parts of Latin America and in South Africa - where injustice is blatant and dissenting political organisations banned - the churches cannot evade politics. To acquiesce is as political as to protest. In a democratic though inequitable society, such as our liberation theology's aim to turn Good Samaritans into church militants seems more questionable.

In fact, the English contributors, who include Bishop Jenkins and Don Cupitt, point in other more intellectual directions. What they write is always intelligent, rational, and too often marred by academic jargon. It takes a journalist, Rosemary Barrell, to express with real eloquence the need for a book such as this might have been.

Geoffrey James

Training entrepreneurs for small business creation: Lessons from experience. by E.S. Lewis. New developments in co-operative management over the past 25 years are reflected in this new edition. It covers modern business theory and practice by giving emphasis to education, training and development. The bibliography has been expanded. £17.95, £12.95 (pb). International Labour Office, 8000 Woodlark Street, Geneva, Switzerland. London SW7P 4LJ.

Environmental Training. Edited by R.A. Dolan. 2nd September. This series of training materials has been developed for enterprises, training centres, business schools, universities, etc. 1. General management and the environment. 2. Project management and the environment. 3. Production management and the environment. 4. Environmental management systems. £10.95 (pb). International Labour Office, 8000 Woodlark Street, London SW7P 4LJ.

Training contractors for results: A guide for trainers and training managers. by G. Hines. Edited by D. Miller. Based on an effective approach pioneered by the I.O., this guide gives practical advice on preparing and managing training programmes. It focuses on the results of learning, measurable by improved performance in quality, time and cost on the construction site. £12.95 (pb). International Labour Office, 8000 Woodlark Street, London SW7P 4LJ.

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Technological change, work organisation and pay: Lessons from Asia. Technology and work organisation are changing rapidly, it is widely thought. This book looks at how the countries of 17 countries in Asia, Australia and 2 country studies. It throws light on employment relationships. £12.95 (pb). International Labour Office, 8000 Woodlark Street, London SW7P 4LJ.

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DIVERSIONS

### Secret Places

## Cliff-top walks are no pushover

The legwork involved in coastal walks can reward you with some fine scenery, says Martin Collins

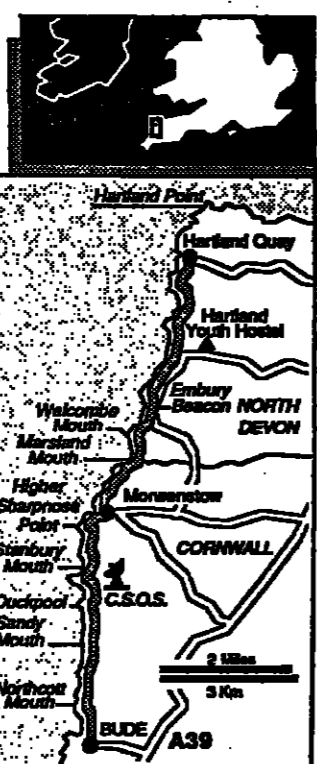
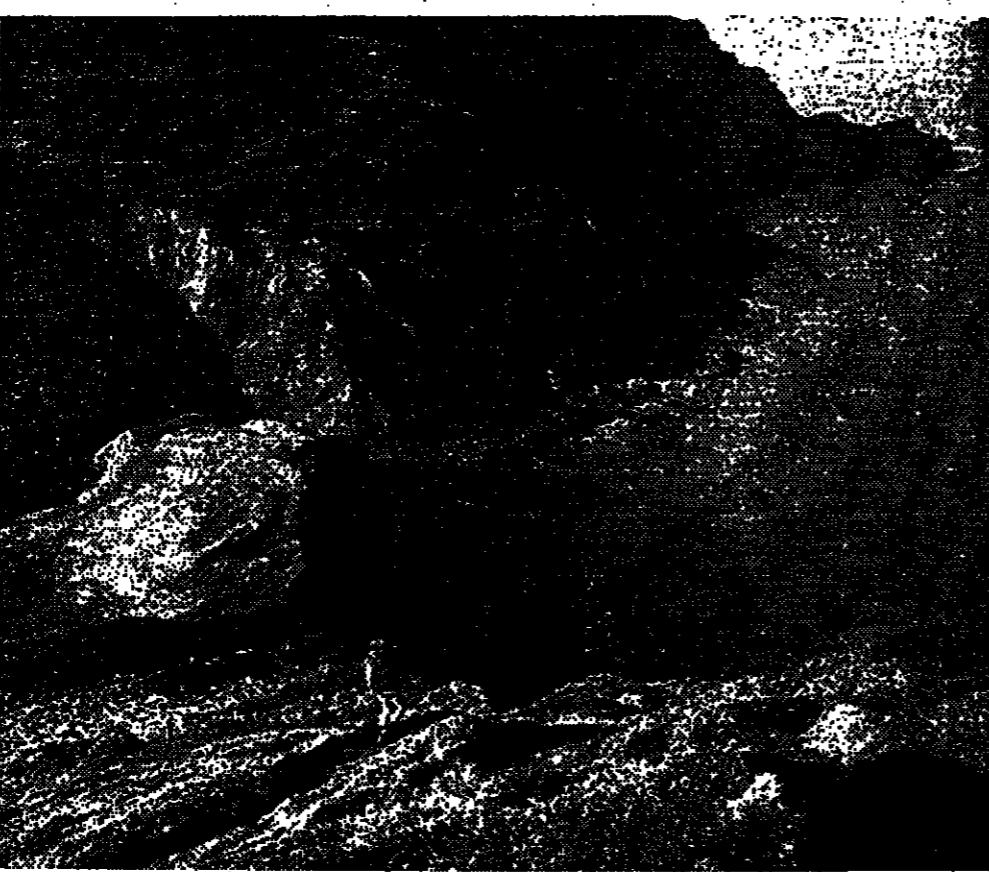
IF YOU instal yourself on a crowded Devon or Cornish beach and never venture beyond the nearest headland, you get no real sense of what separates you from the next harbour or resort. However, surprises galore await the coastal walker armed with a little knowledge and motivation. If your daily range extends to 10 or 15 rugged miles, even long-established resorts assume a new perspective as mere punctuation marks in the poetry of cliff and foreshore.

Most of the time you have it all to yourself. Do not be deceived by a holiday ambience into thinking of coastal walking as a pushover. (The pun is deliberate - there are dangers for the unwary on narrow cliff-edge paths and on beaches during a rising tide.) Erosion nibbles at the land's margins and sends paths in regular retreat. Even hardened hill walkers will find some stretches challenging. The Pennine Way is no preparation for these dizzy gradients. But leg work is consistently rewarded with the finest coastal scenery in Europe, varied wild life and hiking guaranteed to lift your spirits.

The entire south west peninsula coast path runs 567 miles (912km) from Minehead in Somerset to Poole in Dorset. Within its span are a thousand secret places visited only by walkers and seabirds. One of the grandest and least frequented walks - a strenuous 13 miles (21km) - crosses the North Devon/Cornwall border to Ink Hartland Quay with Bude. It is not for the faint hearted or for stormy days, but a few inland escape routes exist if it all gets too much. Whatever your fitness level, plenty of time.

Hartland Quay stands at the road-end west of Bideford, not far from Hartland Point, wrecks litter this unworldly coast. The walk starts at a nature reserve stile. Dropping round the truncated St Catherine's Tor, over a stream and the next skyline, the path descends to Speke's Mill Mouth. By peering over a bank, you see the most dramatic waterfall on the whole South West Way.

A newish footbridge leads away from the one-time valley route up to a sensational crest of cliff-top where, back beyond



### A rugged coastal walk with fine scenery: Marsland Mouth on the Devon-Cornwall border

to Welcombe Mouth has been provided with steps. Purists hate such taming "improvements," but erosion is indisputably held at bay.

Big switchbacks begin in earnest with a climb over to Marsland Mouth past a tiny stone cabin once belonging to the post-playwright Ronald Duncan. Steep zig-zags negotiate the combe, the path growing noticeably less rocky as you descend. Charles Kingsley vividly describes this wild coast in "Westward Ho!" "...To landward all richness, softness and peace; to seaward, a waste and howling wilderness of rock and roller, barren to the fisherman and hopeless to the shipwrecked mariner..."

You greet Cornwall as you cross Marsland Water, forking seaward off the inland track. Cliff folding and offshore rocks are stunning, but almost immediately you lose height to engage the next valley. Henna Cliff is the English coast's second sheerest drop after Beaky Head.

Soon you see Morwenstow on the left, half-way and as good a place as any for refreshment or for stopping if you are flying in the hamlet's Norman church is worth seeing, though parched walkers may find the pub and tea rooms more compelling. Hawker's Hut, 10 metres down from the next cliff-top, was visited by Tennyson and Kingsley in the 1840's and is now in the hands of the National Trust.

The coast path continues to traverse wonderfully rugged ground and if the wind is gentle there is an exhilarating walk out along the knife-edge arête of Hlesher Sharpnose Point, for unsurpassed coastal views. Two plank footbridges over valley streams demand steady footwork in windy conditions: there are

fewer concessions to human passage hereabouts than on most of the South West Way. Stanbury Mouth is particularly steep and awkward.

Visible from afar, the enormous aerial dishes of the Composite Signals Organisation Station - once RAF Cleave - temporarily drag you back to a technological society. In reality an outpost of GCHQ, the station monitors Soviet satellites. A hundred metres along its access road you turn your back on it. Keep seaward at Steeple Point, for the path reaches right to its apex before angling inland to Ice-creams and a car park in Dock-pool's little green valley. Until 1961, crossing the river here was hazardous after wet weather but a footbridge was finally built. There are kinder gradients beyond Warren Gutter and at Sandy Mouth the National Trust has established a summer cafe.

The first in Cornwall for the south-bound walker. Serious erosion at Norcott Mouth and Maer Cliff has recreated the path inland behind a bungalow, but it's all downhill now, gently and generally in the direction of the beach.

It has been dubbed a second Bondi and is the home of Britain's first surf lifesaving club. Beach huts and snack bars line the seaboard but Bude town lies well back - a couple of hilly shopping streets and a plethora of hotels. Its canal was opened in 1825. Instead of locks, wheeled barges were hauled up inclined ramps though the technology proved unreliable and uneconomical. The museum is fascinating.

Quality coastline stretches on southwards but there is nothing to surpass the hike from Hartland Quay for remoteness and sustained grandeur.

WHENEVER YOU move gardens, take care that you do not lose your plants' labels. I am still unravelling the effects of my last move, last, I hope, in the sense of final as well as most recent.

Something in the removal van liked eating labels for lunch. It ate the labels on the phloxes, the hardy geraniums, most of the violas and the day lilies. I do not mind about the first three because their flowers will sort them out: the hardy geraniums' leaves are a pleasant test of your botanical wits, as they vary subtly before they flower. What bothered me was the loss of day lilies. They could be almost anything. I hope they are the ones from 1984: I very much hope they are not the ones which I bought on trial in 1982.

Day lilies are one of the few flowers which can be classed by vintage. The breeders have been changing their appearance very rapidly, but I am confident that we are on the edge of a new era when we will be growing new forms all over our gardens. You must wonder why anyone bothers with this family when there are so many other good border plants. Even the poor varieties of day lily have their merits. Most of them are very hardy; they will survive almost any soil; they need no spraying, apart from a few for fungal diseases; they flower elegantly in a pure colour; they come at a useful time.

None of them flowers for as many months as nurserymen imply, but a few of them do last for weeks and many of them will flower in the autumn. I am sure that when the shrub roses start to fade and the garden is just beginning to warm you that it is feeling tired. Day lilies are not a weed cult like green rose-plantations. They are bright, easy and a most glorious blanket of colour when they have grown into a clump after four undisturbed years.

Some corners of this breeders' paradise are pleasanter than others. The reason why I hope that I

## Consider the day lilies



Gardening

left my 1982s behind is that their colours were beautiful and their shapes were absurd. Some of them were supposed to be red. But they were always red-orange; others were striped with yellow and a few of them verged on terracotta. None of them resembled their photographs from America and I had no idea how enormous they had become. I shudder at memories of one called Cherry Cheeks. Pity the poor lady with such high colour - such a vast expanse of over-tinted skin.

Some of the new American varieties change hands for \$50 each, and arrive in small fragments, although day lilies are great clump-formers and nurserymen are terribly mean in the hills they send. The modern yellows are horribly fierce in English sunlight. Breeders call them canary-yellow but we cannot be thinking of the same bird.

It took me three charges into the market before I began to see

sense. With luck, my 78s did not make it into the removal van because they were equally overblown. One of the 78s would be a serious loss; I still rank in the top three varieties for any garden. I hope it turns out to be one of my nameless clumps of root.

Most of the others came from a contact in the Midlands who said that she liked them. I began to wonder. They were vigorous, but their flowers were a beautiful shade of mahogany or bronze. One called Tejas was amazingly vigorous. It flowered for nearly two months and ran wild in its bed of pig manure, proving that all day lilies like to be heavily fed.

The size of these new flowers appalled me: in 1984, I looked longingly to the past, when there were small day lilies growing wild in Aida, the city of which are still first class plants for gardeners with any discrimination. Hemerocallis Dumortieri is still on the market, a neat little plant with dark buds and small deep yellow flowers just above the upright leaves. Middenwort is a pale orange, also quite small and most surprisingly scented, like another of my old favourites, Hemerocallis Flava. The small variety flowers early in June and again in autumn. It is a parent of Golden Chimes which is much better than the name. Golden Chimes also flowers twice if it is well fed. After a while, I realised that it is not so much a day lily as a shriller's lily. Each new set of buds opens at bedtime and lasts from 4 pm until the following afternoon. You can just catch

the opening if you are a den on a long vacation or a commuter with a season-ticket, which requires you to leave the office early.

This year, these small varieties of day lily will spring to the wider public's notice. In America, the day lily of the decade has been the small orange-yellow Stella de Oro. I first saw it in a photograph sent by a top Wall Street broker after hours; it then turned up in one of the top nursery catalogues, Wayside Gardens, where the English author went into raptures over its merits. Stella de Oro is one of the last children of a great day lily breeder, Walter Jablonski, who created it in his eighties.

By crossing the smaller varieties, he bred this winner with their habit of flowering twice, remaining compact and keeping a clear colour. Stella de Oro was brought to England by Bressingham Nurseries of Diss, Norfolk, where the Bloom family had no doubts about its extraordinary merits. Scarcely two feet tall, it will flower continuously from early June until October, sending up stems of open, bell-shaped flowers in a shade of golden yellow. The colour looks cheerful, to put it mildly, but the shape, season and strength of this highly decorated arrival suggests that it will be two pence in our children's gardens.

It is also a symptom that day lily breeders have returned to the plant's smaller origins and seen the point in putting quality before size. It sums up a new start in breeding and it may mark a new start in my garden. If the name is not to be lost, it will be Cherry Cheeks, it will be the only survivor. My Stella de Oro still has its label, as I only bought it last autumn.

Robin Lane-Fox

## Root for QPR

QUEENS Park Rangers Football Club is to abandon its controversial synthetic playing surface in favour of traditional grass. In doing so, the club is to make use of a new kind of artificial grass which it believes will enable it to guarantee a playable surface - whatever the weather - as effectively as it has for the past seven years. This is of obvious interest to all groundsmen, but there is also a spin-off for the wider world.

In April, when the football season ends, the synthetic carpet will be removed and the subsoil excavated to a depth of about 18 inches and replaced with a complete Cellastem installation. This technological advance involves lining the whole area with plastic film in such a way as to convert it into a series of tub-shaped reservoirs or cells, in each of which the water level can be controlled. This is done via a network of perforated PVC pipes originally developed for foundation drainage but now used for the dual purpose of drainage and underground irrigation.

Because these cells are filled with a porous mixture rainwater is rapidly drained from the sur-

face and stored in the underground pipes. From here any surplus will drain away, either completely or into a reserve cistern for those times when it might be difficult to supplement rainfall by other supplies. However, this will not be necessary at Loftus Road, the water level is regulated by various features of the piping system and rises to the surface by capillary attraction, the natural force that brings moisture up through blotting paper, or any other closely packed material which creates fine air-like channels.

It is claimed that this system can deal with a daily rainfall of 36 inches and its storage capacity is claimed to be sufficient for a month's watering, even in a drought. Cellastem has been in use worldwide since the early 1960s and is now used in the Olympic Stadium at Athens and the Prater Stadium at Vienna.

Cellastem - and any other method using sand or a very sandy mixture as its growing

medium - needs a special kind of turf from which all soil has been removed. Until now this has not been available commercially in Britain. However, Rolawn, the turf specialist based in Evington, York, which grows turf on more than 1,000 acres of carefully selected farmland throughout the country, is to supply turf to QPR.

The company has also developed its own high-pressure washing equipment. I examined a washed turf sample last week and was astonished by its toughness, which was obtained solely from the knit of grass and roots without any strengthening from nylon or any other kind of mesh. This is turf that, has already been used in long strips, and can be handled and laid like carpet.

Since the roots are fully exposed by the washing the turf must be laid rapidly, certainly the same day as the washing, and this precludes its use for most home purposes. However, it does appear from experiments that washed turf has advantages over ordinary turf even when it is to be laid on soil. Apparently, provided it is properly looked after, it establishes itself more rapidly and makes a stronger sward.

Why this is so is not altogether clear, but it is a common observation that plants of all kinds adapt their root systems to suit the soil in which they are growing and that any great change in soil structure causes considerable difficulties. This is why we are so frequently advised to buy plants as near home as possible and from a nursery with soil of a similar type to that in our own gardens.

Arthur Hellyer

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## Models in tip-top shape

THOUSANDS of model rail enthusiasts will be getting up steam for the International Model Railway Exhibition (Imrex 88) at the Royal Horticultural Society Halls, London, from today. It will be the exhibition's largest show-case.

In all, more than 25,000 enthusiasts are expected at the exhibition which finishes on Thursday. London's Model Railway Club - probably the most important of the 700 model railway clubs in the UK - is behind the organisation. The club claims to be the world's oldest, founded in 1910. There will be 110 trade stalls and 21 will be devoted to working model train displays.

Largest exhibitors will be the German manufacturers, Märklin and Fleischmann, which, along with Hornby, Lima of Italy and Roco of Austria, dominate the market. Märklin is the world's oldest model railway hobby company, dating from 1859 when its models were made of wood and were driven over by the hands of German youngsters.

An enduring memory of my youth is of my uncle whose entire loft was dedicated to model trains. It was the Chicago stockyards, New York's Grand Central Station and London's Clapham Junction rolled into one, with a dozen transformers powering heavy metal engines. "You could do all of that on one transformer now," remarks Tony Richards, Märklin's UK representative. "The technology is such that we can run dozens of trains over the same track on a single power plant."

Electricity remains the modus operandi for most of the six main gauges - 1, O, S, OO/HO, N and Z. N and Z are popular in Japan because of their small size and the lack of spacious lofts in which to run the models. Kato, of Tokyo, thought to be the high-tech leader and a leading force in the US, produces engines and carriages scarcely the size of a thumb.

Steam plays its part in powering the larger models, known as garden gauge, that some UK



enthusiasts are putting into their backyards. At Imrex, the largest working model on display will be a steam train, operated by members of the Gauge One Model Railway Association of Eastwood, British Rail's Network Southern division has clipped in with a large electrically powered working model of its southeast rail network in OO gauge.

There will also be models of some of Britain and Europe's more historic lines, such as the Blean Y Cwm central Wales line in OO gauge; the Calder Valley line in OO gauge as it operated between Littleborough and Todmorden around 1960, in the dying days of steam; the Aylesham Great Eastern Railway line in Norfolk in N gauge using equipment from before and after the First World War; and the Swiss alpine Disentis/Muster line operating over 12mm track.

Although Hornby equipment will be in evidence, Britain's biggest manufacturer will again be absent from the exhibition. With an annual turnover of £30m and 65 per cent of UK market share - its nearest competitor is Lima of Italy - it has been recovering from the ravaging of the traditional trade suffered in the early 1980s in the face of Star Wars computer games. The recovery is looking secure, says Hornby's Simon Kohler, with the company able to supply complete train sets for as little as £40 with "mature" sets available for under £100. But as with any hobby where growth is linked to high-tech developments, the sky can be the limit. Some engines cost more than £1,000, such as a German-built locomotive with twelve drive wheels called the crocodile.

Frank Gray

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Goodbye to formal arrangements; hello to the fresh, natural look

# Say it with flowers - but be sure to say it with flair

LIFES getting less and less simple. Nowadays it is not just your clothes or your car that tell the world more about you than you might care for to know - flowers, too, can send out powerful messages. In recent years a new wave of young florists has been showing the established houses that there is more to floral life than stiff, symmetrical formal arrangements; that there is as much pleasure and delight in a few daisies sitting in an antique jug as in a host of gladioli rearing their stiff presences above a cut-glass vase. Today all those elaborate confections taught so painstakingly in the flower arrangement classes look as out of date as curiously period, as vintage cars and Eton crops.

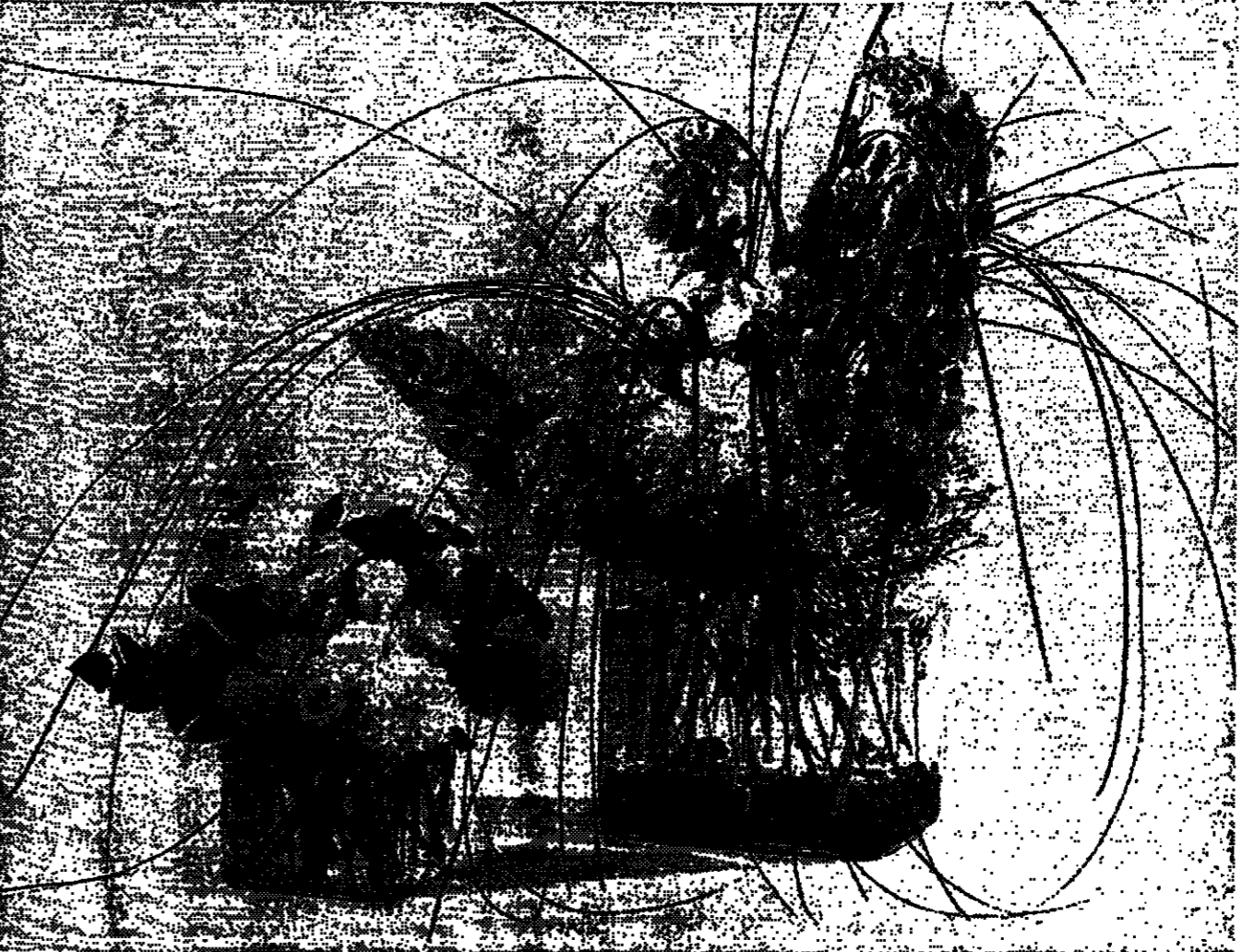
Flowers today are as vital a part of the contemporary design scene as furniture, curtains and wallpaper. They should look as artless as fresh from the meadow, as uncontrived as possible. Nothing could be more than great big bowls of simple country moss, huge bunches of daffodils or a nosegay of garden flowers. For grand and formal occasions



there is now a feeling for a very voluptuous kind of materialism - once again, nothing stiff, nothing forced, but masses and masses of foliage and blooms, tumbling from formal urns and bowls, looking for all the world as if they were almost growing there but in fact arranged with an artist's eye and a craftsman's skill.

This, of course, poses problems for those of us who don't have country gardens on which to draw for simple little nosegays, for interesting foliage and for full-blown country roses. We have to make do with what florists provide. To show just what could be done with normal florists offerings I ordered flowers from six London florists and asked David Austin of Stunning Flowers (6 Upper Grosvenor Street, London W1, Tel. 01-235-0770) to show us some of his ideas for arranging them in a fresh and contemporary way.

David Austin is what you might call a flower specialist - he will do anything from window-boxes to flowers for weddings, parties, restaurants, houses. Frequenters of Mr. Chow's Knights



bridge restaurant will already probably have noticed the Austin touch in its stunning flowers.

Though the prime idea behind ordering the flowers from the florists was to learn from David Austin just how to make the most of an average floral tribute, several interesting facts emerged. All six were asked to deliver the flowers on a specific Tuesday morning - only three did so (A. Booth, Feltons and Caroline Dickenson). Moyes Stevens bunch arrived at 3pm, Longmans at Selfridges, at 2.30 pm and William Hayford, at 3 pm. Just as intriguing as the late arrival (supposing the flowers had been required for



personally doesn't like to mix tulips and daffodils so he split the bunch into two. In a wood-bark basket (above, right) he put the tulips with tree ivy, a couple of camellias and some pussy palms of his own. In a terracotta pot sprayed dark green he put the yellow daffodils with lots of dark green foliage and laurel-leaves. For both arrangements he used chicken wire to form the basic shape (never ever, he says, let the chicken wire show. Use glycerinated moss to cover the gaps).

Felton & Sons, 5 Cheapside, London EC2. Tel. 01-236-7261.

We asked for spring flowers costing between £15 and £18. A nice collection of yellow gerberas, spray chrysanthemums, daffodils, spray daisies and some single carnations arrived promptly at 11 am. Well protected in a box, they looked good although we would personally have preferred all one flower. David Austin divided this collection into two glass containers ("always make sure that there are no leaves or foliage under the water as it will rot, but with

MOYSES STEVENS, 6 Bruton Street, London W1. Tel. 01-493-8171.

We asked for a bunch of flowers of just white and green costing about £18. A lovely looking bunch of tulips, freesias, gypsophila, narcissi and asparagus

fern, beautifully boxed so that they looked special, arrived late at 2 pm. Most of the flowers looked fresh but on close inspection the narcissi were either already full-blown or past their best. David Austin decided to divide the flowers up and put

glass containers it is important that the arrangement under the water looks as good as possible. In the small square vase, left, he added nothing of his own, just making a densely packed arrangement of the yellow flowers and some of the greenery. In the big rectangular



them into three little terracotta garden pots, just 3 1/2 inches high, which would make a lovely collection for a dining table. He cut the oasis to size, wrapped it in double bit-liner (the terracotta pots being porous and thus letting water through) and then put



A. BLOOM, 80a Ladgate Hill, London EC4. Tel. 01-248-1218.

We ordered a bunch of spring flowers for about £15 from Pulbrook & Gould and found to our amazement that, without telling us that this was impossible, they subcontracted the order to A. Bloom. A mixed bunch of yellow daffodils and pink and terracotta tulips arrived in good time at 11 am, all in good condition with a nice mix of bud and open flowers but the colour combinations seemed a bit odd. David Austin

CAROLINE DICKENSON, 35 Park Street, London W1. Tel. 01-496-5241.

We asked for about £15 worth of rather formal flowers and at 12 pm precisely an exquisitely simple collection of 4 stems of beautiful creamy white Longform Hilles arrived. David Austin breathed a sigh of relief and said "Oh, lovely, just one kind of flower and look, the stems have

lots of buds. They will last a long time." He removed some of the leaves near the flowerheads, which helps make the Hilles last longer, used a simple cylindrical dark green vase and added some contorted willow of his own. A good tip, says David Austin, if you're not too sure of the taste of the local florist is to ask for a bunch made up of just one type of flower.

SELFRIDGES (Longmans), Oxford Street, London W1. Tel. 01-429-1234.

We asked for a collection of roses for about £18. At 2 pm came some dark red roses, (not shown here) which given the brief they'd been given was fine, but the stems of the roses had been cut to make a spray effect in the cellophane. This meant

David Austin was restricted in what he could do. Long-stemmed roses are very difficult to keep looking fresh for long but here the foliage did not look good. David decided he couldn't do much other than a classic coffee table arrangement in a silver rose-bowl - he used a Kenzan pin-holder (on sale in Japanese shops) and added some dark glossy green camellia leaves.

WILLIAM HAYFORD, 26 Queen Victoria Street, London EC4. Tel. 01-248-8312.

We rang Pugh & Carr and asked for some pretty, soft country flowers at about £17.50 to be delivered on a given Tuesday morning. At 3pm came the last, put together with no colour scheme at all (which is one of the things that we had hoped to try in choosing Pugh & Carr in the first place). Purple, orange and cream yellow all jostled together and, worst of all, in the middle were two spider chrysanthemums (a current pet hate among chic floral arrangers). David Austin blanched, gathered himself together, jettisoned the spider chrysanthemum and the bunch of spray carnations. ("They belong on the garage forecourt") He then divided the flowers into two. Into a Dutch tulip vase (above left) went white anemones with green centres, creamy freesias, narcissi, tulips and some greenery. Into a collection of little glass flower holders went the red and purple anemones and the red freesias - see right. All in all, though a difficult bouquet to do much with,

instead. The flavour of this more economic cut is good but it is not so tender. Marinate it well and score the surface lightly before grilling.

For one person, cut the end crusts from a tin loaf or cut a 6-8in piece of French bread in half lengthways and scoop out some of the crust to make a hollow. Butter the bread lightly. Grill the steak to your liking and lay it on one piece of bread, cutting the meat to fit as necessary. Season well with salt and pepper. Add some mustard, horseradish, watercress sprigs or a few sautéed mushrooms if you wish. Cover with the second piece of bread.

Place the sandwich between two sheets of greaseproof paper, cover with a board and put a few small weights on top. Over an hour or so, add more weights gradually so the sandwich is compressed by degrees. The crumb will act like blotting paper, absorbing the delicious meaty juices which are prevented from escaping by the crust.

Parcel the pressed sandwich in a fresh wrapping of greaseproof and fill and tie it with string. Slip it into a large pocket, where there will probably be room for something small and sweet as well.

Dumdee or rich fruit cake, apples and bananas are the traditional outdoor substitutes for puddings. Also excellent are fingers of Grassmere gingerbread and Yorkshire Parkin, good old-fashioned alternatives to the usual bars of today.

Most popular of all in my family are petit four biscuits plus a bar of good chocolate, a combination which provides a much more satisfactory proportion of chocolate to biscuit than chocolate biscuits do.

## Cookery/Philippa Davenport

# Food for the great outdoors



finger food is tricky in my experience. Grilled sausages, for instance, tend to be served by the time I unpack and serve them. Much more successful, I find, are finger foods which are hot in the sense that they are spiced with devilled or curried flavourings.

Drumsticks of chicken, duck or even pheasant (if your freezer is full of them) are excellent prepared this way, particularly if you slash the meat and leave it to marinate for 24 hours so it really drinks up the flavours. Grill slowly but thoroughly to keep the meat succulent and turn the heat up at the end to crisp the skin. Cool completely before packing and serve with buttermilk or a cool yoghurt dip if liked.

Other finger foods that always

the season for many families is point-to-point.

Everyone knows that fresh air makes the appetite braver and, as veteran point-to-pointers are well aware, the air that whistles round a course tends to be fresher than most. So, although stamping around in your Barbour, chatting and betting are important features of the day, I think the essential ingredient is the picnic.

Some would argue that food is of secondary importance here - unstimulating quantities of potent drinks are all that are needed to keep you warm and happy. They could be right; but as this is a cookery column, and as you will probably have to drive home at the end of the day, I suggest you go for the food rather than the hip flask.

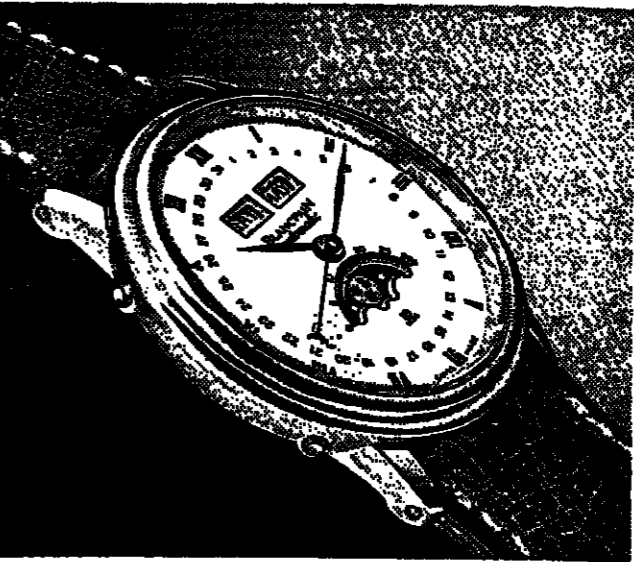
My first choice without any doubt is piping hot soup or stew. The sort of soups I have in mind are not thin but robust soups with good filling, you can really get your teeth into.

Try, for example, a green lentil soup made with knuckle of ham and given extra aroma with fresh chopped leeks or celery. (Include the leaves if using celery and add a good shake of celery salt for good measure.)

Also a little unusual and good is a creamy, lightly-curried soup made with the remains of Sunday's chicken: I include diced parsnip and lightly sautéed, desert apples as well as snappets of potato.

The Scottish soup called Cullen Skink, for which I gave the recipe in this column some months ago,

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DIVERSIONS

Christian Tyler rows the Boat Race course and Michael Donne previews the event

The agony and the ecstasy

THE Boat Race is a splendid event, although it is not usually announced in the sports pages days beforehand and the outcome is normally obvious after the first mile or so.

But, like thousands of others, I find myself compelled to watch it, year after year. As a spectacle it is both beautiful and appalling. Seen from a distance, a rowing eight in full flight, perfectly balanced and synchronised, is a poetic sight. Only in television close-up do you see the terrible struggle such speed and harmony entail. The annual effort of the defeated crew, when the commentator crows "the faces tell it all," should be banned. It is an unwarranted intrusion into private grief.

Every year, snugly taking bets in my armchair, I think that this is not me out there facing four miles of river. I'd rather run a marathon: at least you can walk part of the way.

But Fate is not mocked. Last Sunday morning, I did find myself out there, training with anticipation. The Clarendon bridge with four miles and 300-odd yards to row to Putney - the boat race course in reverse, plus a bit.

We'd had a boozey dinner party the night before, and I didn't

sleep well. Strange pains in the chest and twitchings in the legs. Was it indigestion? Cramp? A spot of heart trouble? I can't be nearly fit enough. How did I get into this?

As always, things looked less bad in the morning. We were a scratch eight from Thames Tradesmen, entered - or rather, drafted - into the veterans' Head of the River race. ("Veteran" is a bit of a misnomer here. In rowing, you are counted a veteran at 27 - which speaks volumes about the sport.) Then our strong 36-year-old stroke, looked as if he had "In and was

feeling worse than I. Among the other regulars from our short weekly outings was Graham, who once trained with the national squad, at number seven and "Spud," fiftyish but very fit, at number five. The ebullient Stan, a genuine marathon runner, was in front of me at number four.

The only dampener was the presence of a tough-looking German crew who went afloat just before us. Had they really come all this way to show us up?

The start being so close to the clubhouse, we had no time to settle in. But we went off crisply

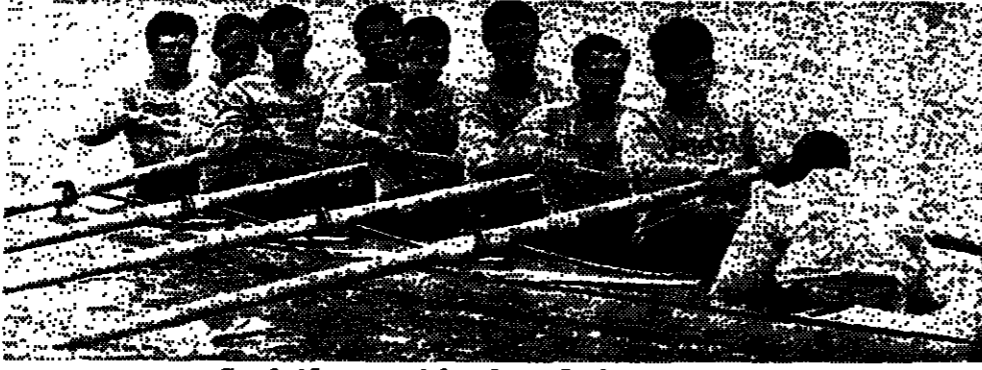
enough and had the satisfaction of catching a couple of crews early on. This was going to be OK. And then, after what seemed an age, our cox shouted "Five minutes!" Only five minutes gone? Another 15 minutes of this? It was unbelievable.

The scenery began to blur, so I fixed my eyes on number five's head and tried not to think. I looked for the auto-pilot, but couldn't find the switch. I wanted to achieve that state that psychics manage - ekstasis. But there was no ecstasy, just agony. Things began to get a bit ragged, and the rate wasn't dropping. We

steadied again. I think two crews overtook us, but we in turn caught our third. It didn't matter much now: survival was the thing.

Through Hammersmith Bridge, and I knew we were on the long straight home. It was a very long straight. I glanced behind and saw the misty silhouette of Putney Bridge. The crowd was beginning to fly. I remember the sun coming out, and feeling hot. I reprogrammed my brain to concentrate on each stroke as it came, but thoughts of the finish kept crowding in. We were still striking the same rate and I thought, "You can't collapse now. Think of your poor family. And imagine the disgrace!" Fulham football ground came up on the right, and I knew I should live. We were being passed hand by another crew, but were apparently closing on two just ahead. And suddenly, unexpectedly, the cox yelled "Paddle light!" It was over.

The four miles back to Barnes, rowing against the tide, was a positive pleasure. The next morning, I counted seven blisters on my left hand and couldn't get out of bed. But I shall face today's race, from my armchair, with respect and more sympathy than usual. I might even bring a bit.



Cambridge practising for today's Boat Race

OXFORD go to the start as favourites to win today's Boat Race. If they can pull it off they will have won 12 of the past 13 races, and vindicated the election of Chris Penny - the much-publicised rebel who lost his place in last year's crew - as this year's Oxford president.

In the closing weeks of training on the Tideway, things have gone Oxford's way. They are the older crew (average age 23 years) and the strongest and most mature, with six Old Blues from last year's victorious crew back in the boat, including the cox, Andrew Lobbenberg, whose skill and knowledge on the Tideway have been well proved in training.

By comparison, Cambridge are the younger, lighter crew (aver-

age 21) with only four Old Blues from last year's crew. Cambridge have considerably improved in recent weeks, but had bad luck last weekend with illness in the crew which is always unsettling so late in training.

But the Boat Race is as much about tactics as strength, and is as much a contest against the weather as against the opposing crew. The 4 1/4 miles of the Tideway between Putney and Mortlake is the longest and toughest rowing course in the world, and

notoriously unpredictable. Beyond Hammersmith Bridge, in the Chiswick andorney Reaches, the river widens and the full force of the wind is felt. It is at that point that the crews must cross over from the comparative shelter of the Barnes station to the Middlesex side, across water that can be astonishingly rough. More than one crew has come to grief on that stretch of river.

The weather, therefore, governs the race as much as the rela-

tive strengths and capabilities of the crews. It has often been proved that the race is won or lost by Hammersmith, for the crew that is ahead at that point, just over a mile into the race, has a commanding position, able to watch their opponents struggling behind, and to readjust their own tactics accordingly. Rarely has a trailing crew at that point overtaken the leader: the psychological disadvantage of being behind is enormous, and both strength and moral fibre can be swiftly sapped.

On the other hand, calm conditions with a fast crew and a strong tide might well induce a bold and confident president to opt for the Middlesex station, with the aim of a fast break off the stake boat and an early lead before the end of the Fulham Reach.

Thus, the objective of both presidents must be to gauge wind and water conditions carefully, and hope to win the toss for station. Whoever does so can pick his place on the river to suit both his crew and the conditions. A south-westerly, blustery wind with choppy water dictates the Surrey station off the start to gain the shelter of the initial bend, up to Harrods Wharf, just before Hammersmith.

On the other hand, calm conditions with a fast crew and a strong tide might well induce a bold and confident president to opt for the Middlesex station, with the aim of a fast break off the stake boat and an early lead before the end of the Fulham Reach.

Luck goes Oxford's way

Food for Thought

The misery of a fat-free fast

I HAVE only ever met a few vegetarians. I offer my thoughts on vegetarianism and meatlessness because I gave up meat for Lent. No religious compulsion, never done it before, I quite like meat. But it occurred to me that Christians have been giving up meat for Lent for a couple of thousand years or so. So I thought, why give up confectionery or alcohol or taxis or smoking when meat's the real thing. My wife warned me I might miss the protein, but thought I could live with that and anyway there's always baked beans.

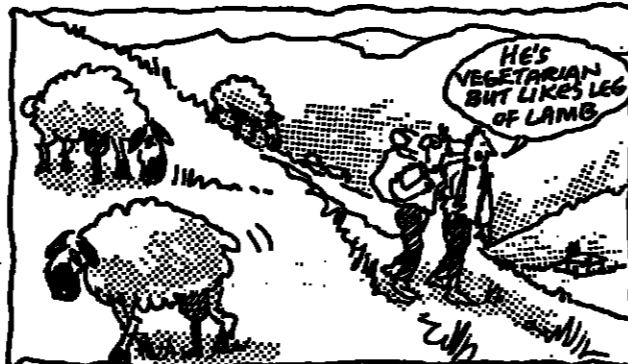
So what was it like? You must have heard that question answered a thousand times by born-again vegetarians, who have abandoned meat for a variety of reasons or because of charity towards animals. They will tell you either that you won't miss it or that you'll feel much better.

After 'six weeks' experience I can't say that I or anyone else

has noticed much difference in my performance, hour of rising, tendency to sleep after lunch, complexion, irascibility, energy or tolerance. I may have saved a few bob, meat being the price it is today, but generally speaking I have to say not much has changed. Certainly no withdrawal symptoms.

Will I keep it up? No I won't. That wasn't the idea and by the time you're reading this I shall with any luck be in Paris and eating myself gloriously well after the fast. Probably a leg of lamb or so, if Paris still offers such a thing. So, what was it for? Self-denial, I suppose, and that's scarcely the subject of this column. Giving up meat altogether is a moral matter, unforgivable exploitation of one fellow creature and so on; stopping for a bit is a matter of self-imposed discipline at the best, cheap swank at the worst and neither of them matter for Peter Fort.

So vegetarians and self-disciplin-



arians, forgive me if I dwell on a few of the gastronomic dimensions. I stopped eating meat: I didn't stop giving it to my family, so for example, if there was a navarin of lamb, I simply pushed the meat to the side of my plate. But I ate the vegetables soaked with the lovely juices. My main problem was with bacon. Many dishes of an otherwise meat-innocent nature contain for their enrichment little bits of bacon. It proved much more difficult to push that aside than it did to allow the real chops.

I suppose it was an exercise in vegetarianism without the heart fully engaged, so the will to sniff out and discard every last scrap of meat was not there. Throughout, the thought of that Easter

leg of lamb has been something to look forward to, rather than something forever to be done without.

I was further moved by two events just before Palm Sunday. The first was the launching by Egon Ronay of the British Gastronomic Academy as a thing to belong to - only £1100 a year to belong, cheaper than White's or Brooks's. Mr Ronay said among other things that while breeders and butchers are struggling to produce ever leaner meat, they are ignoring or forgetting that it's the fat that gives it the flavour and those of us who want nicer tasting food should make our views known to breeders and butchers.

Second item, which gastro-

nomes (academy members or otherwise) may scoff at, is that last week Van der Berghs launched a new kind of fat-reduced cheddar cheese. In the course of this they let slip that like Mr Ronay they have noticed that it's the fat that gives the flavour, but unlike Mr Ronay they have painstakingly researched the extent to which the presence of fat in the mouth contributes to appreciation of flavour and "mouth-feel" (loosely known as pleasure).

If you love food you cannot dispute with the fat from it and still enjoy the taste. Can't be done. Read the books that made Elizabeth David famous and you will find many of her recipes ending with the words "stir in a good lump of butter and serve." She knew what she was on about and who would have expected to find her making common cause with Egon Ronay and Europe's largest makers of margarine?

What I am trying to say is that if you give up meat it's the fat you will miss. Better for me a dish of lentils with a good lump of butter stirred in than a dish about with those fatless, skinless chicken breasts, lightly poached. Or is it not meat but fat you really want to give up? You may have to decide. I shall be sticking with both now the fast is over.

Peter Fort



Hot guspellers Clarence Fountain (left) and Morgan Freeman

Oedipus complexities

"THIS IS not a typical Broadway crowd," the woman explained to her friend on the packed pavement outside the Lum-Fountain Theatre just off Times Square. It was the night of the opening preview of *Oedipus at Colonus*, an exuberant hybrid of Greek tragedy and gospel music which comes to Broadway after five years touring the US and Europe, and you could see what she meant. Here were none of the fur-coated matrons and the smooth Brooks Brothers-styled young men on their way to see *Phantom of the Opera* or *Les Miserables*. The most notable aspect of the crowd outside the Lum-Fountain was the number of black faces.

*Oedipus* is a spectacular, if sometimes unhappy, fusion of different literary and cultural forms: it is both deeply spiritual and intellectual; it is a sign of hope that the highly individual can sometimes happily coexist with the commercial mainstream; and above all, it attests to the power of gospel music to excite outside the church.

With a cast of 64, the largest on Broadway for more than 30 years, it tells the story of the last part of the *Oedipus* myth through the medium of a story-telling and gospel singing session in church. *Oedipus*' final resting place at Colonus and his eventual death there are transformed into a quintessentially Christian celebration of redemption through suffering. The pagan gods which wilyly deified *Oedipus* become interchangeable with the Christian God who tested Job's faith through pain and awarded him eternal life.

In the cast, which packs the stage with a chaos of swaying and swaying, are some of the best known names in gospel music. The part of *Oedipus* is interchanged among a number of different cast members. Morgan Freeman, Oscar nominee this year for best supporting actor in *Street Smart*, plays the evangelist who leads his congregation with the sonorous authority which so often resides in black preachers throughout the US (vide Reverend Jesse Jackson in the current US Presidential campaign).

The most arresting sight of the evening, however, is *Oedipus* embodied in a troop of blind gospel singers decked out in funky white suits. Clarence Fountain, a vintage blind gospel artist - who at one point memorably sums up *Oedipus*' life in the un-Sophoclean phrase "I am an old messed-up man" - and the Five Blind Boys of Alabama, legends in the gospel music world. There too are J J Frazier and the Soul Stirrers, the only black gospel artists to have been included in the American Music and Enter-

tainment Hall of Fame, the J D Steele Singers and the Institutional Radio Choir, with 18 hit gospel albums under their belts. *Oedipus*' road to Broadway has been a long one. The brain-child of Lee Brewer, one of New York's most noted avant garde theatre writers and directors, began to take shape in workshops in 1981, toured various European cities in 1983 including Edinburgh where the work was performed at the Festival and premiered in 1983 at the Brooklyn Academy of Music. Since then, it has played in the streets throughout the US and went on the road again in Europe last year.

Janet Bush goes to the Broadway gospel music hit which highlights the exuberance of black American Christianity

Throughout its travels, *Gospel* has inspired, intrigued and uplifted. Elder Carl Williams Jr, son of Bishop Carl Williams who founded the famed Institutional Church of God in Christ in Brooklyn and master of its choir, talks of the play's tour to Paris in 1985. "Very few people understood any English but they were crying. They were in tears. They didn't understand anything but they liked the feeling they were getting."

It is by no means the only gospel-based show to have played theatres in New York. On the southern outskirts of East Harlem, *Mama, I want to sing*, the true life story of a church singer who became a pop star, is in the fifth year of its highly popular run. And earlier this year, *Sing Alleluia*, a gospel show in cabaret form, played to enthusiastic audiences at the Village Gate.

Those shows have relied to a large extent on the loyalty of predominantly black, church-going audiences and a smattering of assorted music lovers who have been converted to the energy and exuberance of gospel music through singers like Aretha Franklin, Anita Baker and Deniece Williams, all major stars in the pop world who have returned to their church roots and recorded gospel albums within the last year.

*Gospel*, a more sophisticated and ambitious project, hopes to do much more than preach to the converted. Although there has been an aggressive drive through cheap group ticket sales to encourage bookings by church groups, the show's survival depends on its appeal to a wider

audience. Ed Strong, one of the group of producers called the Dodgers who have been central to bringing the show to Broadway, says advance ticket sales are already worth some \$74m. The show has been put on with capital of \$1.4m and has the potential to pay back that investment in seven weeks. In comparison, the hugely expensive *Phantom of the Opera* will take a year to repay its backers with sell-outs every night.

There are some strains in Lee Brewer's vision of a synthesis of gospel and Greek tragedy. It is sometimes difficult to reconcile a curse perpetrated by pagan gods who oversee tales of power and murder and fate with the mundane suffering of Christians and their salvation through the death of Christ. The central figure of suffering man works for both Greek tragedy and Christianity but there is sometimes a nagging feeling that this is a shotgun marriage of the two traditions which throws up more contrasts than parallels.

But overarching some of the more awkward moments in the narration of the myth is the music: surging melodies sung with deep-throated soul, the precision of close and complex harmonies, the energy of hard syncopation and the purity of scappella. This is the music which gave birth to and has a symbiotic relationship with practically every form of American popular music and, to a large extent, has lain behind the gradual rapprochement between black and white musical traditions and cultures.

One only has to remember the fact that the Grammy awards won by Elvis Presley were exclusively for "gospel" recordings. There is also the story of the session at Sun Studio in Memphis when Jerry Lee Lewis - that fallen angel - recorded "Great Balls of Fire" which was to become his greatest hit. Lewis felt his sexual overtones ill befitted the image from the Book of Revelations which gave the song its title and had to be cajoled into continuing the recording by Sam Phillips, the head of the studio.

To Carl Williams, *Gospel* is another way to show off the exuberance of black American Christianity and spread the Word. The show is inspiring even for the worst cynic. The experience of watching it is similar to the feeling Carl Williams had listening to Martin Luther King preach: "You are listening and then you are on your feet yelling. And then you say to yourself: Hey, why am I yelling? I am too sophisticated. But it just draws you up."

Motoring

Little to choose but choice

Stuart Marshall on two cars that sum up the similarities of the modern manufacturers

IT IS a problem motoring writers have come to know well. The more cars one drives, the harder it becomes to compare class rivals, one with another, and say which is the better. This is especially true because the majority of modern cars are so good.

That being so, many private motorists and those choosing company cars now decide on a particular car simply because it looks nice, suits their life style, is of the correct size and comes at the right price - which seems perfectly reasonable to me.

Good total ownership costs (including depreciation, servicing and maintenance charges and insurance grouping) are important, especially to private motorists, who have to put up their own money for motoring. Reliability is essential and so too is having an efficient - and one hopes obliging - dealer close at hand.

Increasingly, motorists who come into the broad category I have described above are favouring Japanese cars. Typical of these are the new Mitsubishi Galant and Toyota Carina models which I recently tried and which have just gone into British show-rooms.

about it. Unlike them, however, it has front-wheel drive. The 2000 GLSi I need had a five-speed gearbox with a shift of rare delicacy and precision. The four-cylinder, two-litre, fuel-injected engine has twin balancing shafts to damp out vibrations and runs with exemplary smoothness on loaded or unladen fuel.

Previous medium-sized saloon cars from Mitsubishi have come into the "worthy but dull" category, but the Galant four-door is a sparkling and refined performer. On motorways it cruised very quietly at "businessman" speeds; on country roads it handled well if driven enterprisingly, with lots of wet grip (though not much noise) from the medium-low-profile Bridgestone tyres. The steering felt a bit light at first but made parking effortless and caused no problems on winding, slippery roads.

The driving position is excellent, and I cannot think of a car with more easily readable instruments. The boot handsomely passed my "two golf bags and trolleys" test. Even the lowest priced of the Galants, the £9,399 1800 GLS, has central locking, electrically controlled door mirrors, power steering and height-adjustable steering column. At the top of the range, the 2000 GLS with Diamond Option Pack and air conditioning (£13,399 manual, £14,099 automatic), has extras like an electric sunroof, ABS brakes, alloy wheels and cruise control.

I drove the Galant on familiar ground in south east England, in many ways the best test of all, whereas I had sampled the Carinas in the Rhone valley. There the sun was dazzlingly bright and

the Mistral wind so bitter that there were ice patches in the hills. The Mas de la Dame at Les Baux proved well worth a detour - ten litres of a gutsy and very drinkable red wine at £13 from the farm shop just had to be a best buy.

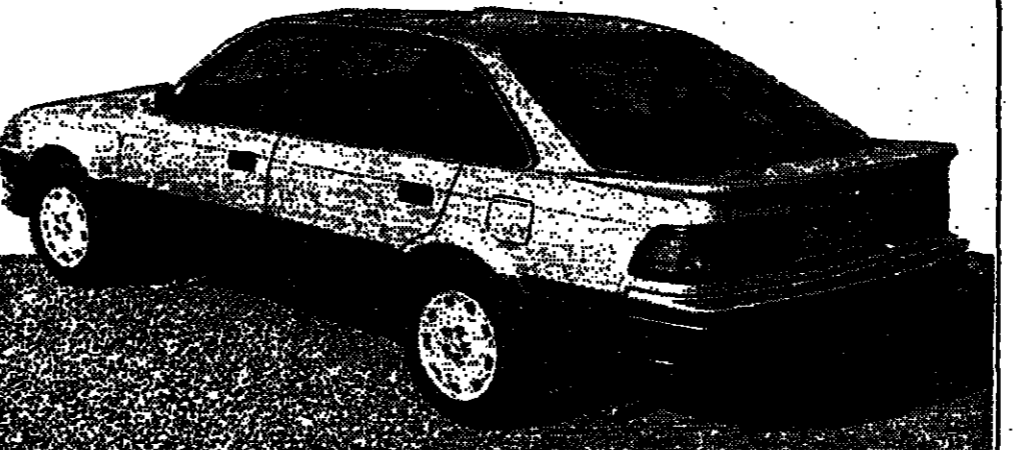
The Carina comes with a 1.6 or two-litre engine, each with 16 valves. Toyota leads the world with multi-valve technology and the engines in the Carina compare favourably with the best in the class. The Carina's fuel efficiency with an almost turbine-like smoothness. There are 1.6 litre engine four-door saloons and liftbacks with a choice of five-speed manual or four-speed automatic transmission, a manual gearbox, only 1.6 litre estate and a two-litre manual or automatic Executive Liftback. Prices range from £9,830 for the GL saloon to £13,590 for the two-pedal Executive Liftback. The Carinas are by no means at the bargain basement end of the market, but one has to remember those multi-valve engines: in most other cars they command a hefty price premium.

It is a reflection of the overall excellence of the Carinas that no one feature really stood out. They rode well on far from smooth surfaces. They cornered securely at much higher speeds than one would normally use, but the winding D roads in the Camargue hinterland were almost eerily - and temptingly - free from traffic.

Toyota cars were once perceived as cheap, reliable and rather boring - but not any more. The mid-engined MR2, a delicious package for buyers who need only two seats and not



Mitsubishi's refined and lively Galant 2000 GLSi



Toyota's Carina GL Executive two-litre - not cheap but excellent

much luggage space, changed that. Toyotas are now seen as reliable and fairly expensive and it is the upmarket models in each range that are in greatest demand. If one uses Honda as the standard bearer for high quality from Japan, then it has to be said that Toyota and Mitsubishi are now breathing down its neck.

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TEL CAROL HANBY 01-489 0030

The Royal Opera advertisement for Salome. It includes the title 'SALOME', the composer 'RICHARD STRAUSS', and details about the production, cast, and ticket information. The text mentions 'New Production' and lists the conductor as Christoph von Dohnanyi. It also provides contact information for the Royal Opera House, including the phone number 01-204 1066/1911 and the address at Covent Garden, London WC2E 9NS.



ARTS

Nigel Andrews contemplates the need for a visit to Vulcan

Beam me up, Spocky

Three Men And A Baby (CG) Warner Bros. Ltd. The Motion Picture Co. ICA, Uncommon Sense RCA. Asterix In Britain (D) Cannon Pantone Street and Tottenham Court Road.

Dear Mr Spock, Or may I affectionately call you "Old bet o' ear"? So glad that under your terrestrial name of Leonard Nimoy you have scored such a huge success on Earth as director of Three Men And A Baby, quite a change from Star Trek. I see that this comedy about three devil-may-care bachelors forced to look after a baby left outside their door one day - they share a large penthouse overlooking Central Park - has made \$150m to date. This certainly beats the hit French comedy on which it was based, Three Men And A Cradle. Well done! And on a lighter note, I take it there is no truth in the rumour that you were given the project because Hollywood, never good at names, thought you were the author of several best-selling books on baby care.

Certainly there is plenty here for those who find hilarity in scenes of nappy-changing, of bed or sofa-wetting and of Baby (played in relay by twins Lisa and Michelle Blain) writhing and screaming all night. Likewise, who could withhold a giggle at the first time that Baby goes "poo-poo" in her Pampers? And for that matter at the second, third and fourth times she does so. You have also conjured resourceful performances from the leads. Ted (Cheers) Danson and Steve (Police Academy) Guttenberg are both better than usual. And as bachelor number three how nice to see Tom (Magnum) Salick proving himself as a big-screen actor, with just a touch of the Cary Grant. (But not too much.) However, there are one or two things, Mr Spock, that I feel betray your unfamiliarity as a Vulcanite with earthly behaviour. For instance here on Earth it seems awfully unlikely that three unmarried men would be living together in their mid-thirties, even in a large luxury penthouse: unless there was more here than met the eye. And you have clearly tried to counter such suspicions by having them going on at great length about their girlfriends and about "promising chicks."

Secondly, if these men did live together and have a baby dumped on them (by an old girlfriend of Mr Danson's), they would surely be able to afford a nanny? Indeed, to judge by the size and site of their apartment and its furnishings, they would be able to afford a fleet of nannies. Thirdly - and I realise you have been away in Outer Space for some years now, Mr Spock - Western society has recently come around to regarding women as human beings in their own right, not merely as machines for being pronged and giving birth. I am not sure that your film, amusing as it is, quite takes this new perspective into account. But these are mere quibbles. In this comedy of infant care you have holdy gone where only three or four previous films in the last six months have gone before. Your movie is certainly better than Baby Boom (I think, if not as good as Raising Arizona (I am certain). I am sorry I will not be able to take advantage of your kind invitation to see the movie again, at a special screening for Vulcanites, their wives and other guests. It so happens I am going away that day. As far away as possible. Perhaps to Vulcan.

Yours Sincerely, Nigel Andrews. Easter comes but once a year, and for that relief much thanks. The Easter movie season is seldom a pretty experience. If you are a balletomane, you will probably enjoy Nisrucker. The Motion Picture: Tchaikovsky's suite danced on film by Seattle's Pacific Northwest Ballet. Carroll (Black Stallion) Ballard directs and Maurice (Wild Things) Senak designs. But it is very long, very coy (with voice-over by actress specialist Julie Harris), and for much of the time as imaginatively lit as a frozen food conference. Your remaining choice is between Asterix In Britain, in which the comic-strip Gaul is not noticeably improved by animation (though director Pino Van Lamsweerde splashes a few jolly picture-book images of Roman Britain), and a two-hour movie-essay by American independent director Jon Jost, Uncommon Senses. This saddles up exotic visual techniques - swirling heat-maps, tinted postcards in kaleidoscopic montage, gritty photo-panels in a Vedon of folks from the sticks - in order to make an assault on the evils of Modern America. All the favourite bugaboos are here. The arms race, the spread of poverty and ignorance. And in case we miss any points Jost himself delivers a final speech to camera about the awful things that Uncle Sam, or Uncle Ron, has been up to in the last decade or so. There are some truths glimpsed and the saturation whinging. But they are overwhelmed by the agitprop clichés and the sense of being ideologically mugged.

Talking of being mugged, this column cannot pass without mention of Handmade Films and the way they have mugged one of my reviews. I see I am quoted on a poster for Wildmail And I as follows: "There is transcending grace from the performances... almost beyond criticism exuberant comedy. Nigel Andrews, Financial Times." Who wrote this? Apart from the phrase "exuberant comedy" I certainly did not. I looked up my review to make sure. Are we now going to have our notices re-written by a movie's publicity campaign whenever they do not reach the pitch of enthusiasm required. Colleagues, and readers, keep a wary eye. Happier news on the home-viewing front. Warner take the April video laurels. They have chosen the month which sees the first birthday of the Oscars - one year past retirement age but still the most tenacious showbiz ritual of all - to issue a series called "The Oscar Winners". This includes splendid modern classics like Annie Hall, Kluge and Raging Bull. Having these at your disposal will ensure that you get a sense of history this year even if you do not watch the ceremony itself, which with a Writers Guild strike and no professionally scripted gags promises to be even more gruesome than usual. (But then again it might be an improvement). Not

content with pouring statuettes-winning films over us, Warner also dig deep into their trove of classic musicals this month. Tap your feet to such classics as Footlights Parade, Good Street, Yankee Doodle Dandy and A Star Is Born. The wonder of seeing musicals on video is that you can personally rearrange and re-choreograph them. I am still playing fascinatedly with my video of Singin' In The Rain (MGM/UA); making Gene Kelly sing the title song backwards, for instance, with an ascending shower. With an R in the month, April is also a grand time for movies beginning with that letter. The pick of the new feature films out on video are three comedies: Raising Arizona (CBS/Fox), Roxanne (RCA/Columbia) and Radio Days (RCA/Columbia). The first is Joel and Ethan Coen's delicious comedy of baby-napping (the first (and still the best) in the current boom for films about infants. Nicolas Moonstruck) Cage and Holly Hunter, Oscar nominee for Broadcast News, star. The second film has Steve Martin extending his range and his nose in a blithe comedy update of Cyrano De Bergerac. And Radio Days is Woody Allen's mock-autobiographical account of a Long Island childhood, which despite some sticky nostalgia has the customary number of crunchy, wholesome gags. All this and La Bamba (RCA/Columbia) too. This spirited musical about singer Ritchie Valens scored a huge hit among Latino and white audiences alike in America, and for minority-nervous Hollywood it finally took the panic out of Hispanic. See, listen and enjoy.



Extra-terrestrial misunderstandings: Leonard Nimoy



Helen Field and Thomas Randle in ENO Magic Flute

Magic Flute sings of simple pleasures

THE SUCCESS of the latest English National Opera Magic Flute, which is great, depends on its expert proportioning of essential requirements. It is first a popular entertainment, second an adventure, and third an allegorical exercise in spiritual enlightenment. The order of those properties is important, because in recent times (not least in Jonathan Miller's Scottish Opera production, which visited the Coliseum for a season) the tendency to elevate lofty, solemn, erudite point-making above simple pleasures seemed to have grown dangerously. The new Flute - produced by Nicholas Hytner, directed by Bob Crowley, lit by Nick Chebbon (and sponsored by Hill Samuel) - is funny, often uproariously so, delightful, wondrous in its moments of spectacle, charming and touching in its tender romance. It is a gem of the world's poetic beauty. It is an admirable new staging for London's Volksoper. This is not to suggest that there is no discernment of the important issues bulking large beneath the surface, or that there has been an attempt to "say something" about the piece. But Mr Hytner, with the confident theatricality that distinguishes him among the leading young opera producers of the day, has had the nerve to trust as well as test tradition. Where he goes against Schiller's (and, for instance, the now-dastardly business of Monostatos's blackness), one is with him. The scrutiny of the cuspious stage directions has been close and purposeful (to see a small, rarely observed detail such as Tamino barely clad and barefoot for his trials is to note the producer's deep absorption in the text). A healthy scepticism by Jeremy Sams (so deftly amused that one nearly fails to notice how sensitive and "musical" it is) sets the tone. The ease, freedom, and unflinching pace of Wednesday's opening performance were really quite startling. It is a show of bold elegance in design. The basic set, a white curved frame with a reflective surface floor, cracks apart for scene-setting at the very back of the stage (the rest of which Mr Hytner fills with large, brightly lit, flat, and largely mistletoe). Colours are for the most part clearly asserted. The "architecture" of the sliding temple panels is spectacular. Sarastro's communitively dressed somewhat as Chaperons or Shakers outdoors and Egyptian Masque indoors, introduces a temporary note of clutter, though the egalitarian wholesomeness of the groupings makes its point. (Illustrations in the ENO programme book aid the production's suggestion that Sarastro's robes are those of his idealised late-18th century perception.) As in the same producer's ENO Xerxes or Paris' Giulio Cesare, the magic assortment of detail that the stage (the rest of which Mr Hytner fills with large, brightly lit, flat, and largely mistletoe). Colours are for the most part clearly asserted. The "architecture" of the sliding temple panels is spectacular. Sarastro's communitively dressed somewhat as Chaperons or Shakers outdoors and Egyptian Masque indoors, introduces a temporary note of clutter, though the egalitarian wholesomeness of the groupings makes its point. (Illustrations in the ENO programme book aid the production's suggestion that Sarastro's robes are those of his idealised late-18th century perception.)

never before seen so vigorously and urgently passionate an enactment of the Queen's second aria (and Nan Christie, always an intelligent singer, has never before glittered so brightly in her music). Pamina's assertive personality and un-milkop range of expression are taken almost to the verge of neurosis - or perhaps it seemed so because on Wednesday Heltzer's singing direct and truly felt as ever, was strained and angularly phrased. This is in general not the most mellifluously sung Flute the house has ever heard: only Gwynne Howell's wonderful Sarastro consistently achieves his effects through vocal warmth and beauty. But the musical vitality of the performance is refreshing, and when conductor - Ivan Fischer (house debut), quirky in certain tempo choices, finely alert to the opera's luminous sound-world - and singers have acquired a more relaxed command of the production, the singing will no doubt gain accordingly. The American Thomas Randle, a personable, lissome Tamino of distinctly unheroic physique (whose accent and colour add to the excellent impression of a prince from a foreign land), has a definite stage personality, ardent and winning. The voice is handsome, and freely produced, though Mr Randle should now learn to trust the house's acoustics more and concentrate on sweetening the tone (in the aria above all) and projecting the words more sparsely - in the dialogue with Richard Van Allan's splendid old priest, more than one reply was gabbled. The pleasures of the show include a his-bo white Monostatos in villainous green satin (Alexander Oliver), three witty (if not very euphoniously blending) Ladies (Susan Bullock, Ethna Robinson, Anne-Marie Owens) and three generally well-tuned boy boys. Perhaps the evening's greatest is John Rawnsley's roly-poly Yorkshire Papageno. Given this performer's tried-and-tested ability to sell himself to a theatre's farthest tiers, an over-the-top bird-man might have been feared. But Mr Rawnsley is delicate as well as broad in his comedy. The role is filtered through his personality, and comes out marvellously fresh and whole.

Max Loppert. To come even further from the literary, there is Al Read on Radio 3 on Wednesdays, relaying gossip stories from Kipling Street, Salford. There was a lot about the sausage-filling machine before we got to Harry's scintilla (and a long time before the first laugh from a staid studio audience). But then we heard the story about the removal of tonsils as treatment for scintilla, and the pay-off line when the wrong chap has had been given the operation. It's not what you say, it's the way that you say it.

Barmy common nonsense



Robert Wisdom

THE BRITISH theatre is notoriously shy of theory and discussion, often with good reason. Our practitioners tend to get on with the job, leaving intellectual extrapolation to critics and bleak international conferences elsewhere. Last Saturday, though, the Institute of Contemporary Arts in the Mall, London, held a discussion day linked to the season of new theatre, HomeWork 2, that has been running in the ICA Theatre for the past month. "Whose HomeWork?" we were asked, and there was common creative ground between contemporary theatre work in the Black, Asian and New theatre companies? It seemed there was not. Much of the day was taken up with self-assertive political statements by various interested parties. The actual season of work we have witnessed was barely touched on. The new director of the ICA Theatre, the charming, top-knotted Robert Wisdom from Jamaica via Off-Off-Broadway and Washington, DC, patiently tried to steer the debate towards a consideration of new trends, a developing theatre language, artistic and intellectual imperatives, a sense of common purpose. Representatives from Greater London Arts and the Minorities Arts Advisory Service declared any claim of the ICA to be experimental as null and void for as long as Asian and Third World groups were "excluded" from seasons such as HomeWork. How multicultural they might be, could the ICA possibly be, if it concentrated on Eurocentric (the word was bandied around as an insult) performance art and not on Caribbean and Asian work in the capital? At least we were afforded an insight into the strength of animosity in these minority groups. But the lurking sense of Black Power and intolerance unaffiliated to any interest in anyone else's work made me at least feel distinguished to search out what they might have to offer on a stage. A couple of Yeats came to mind: "The best lack all conviction, while the worst/Are full of passionate intensity." The ICA seminar room was full of interesting artists of greater experience and pedigree than anyone from, say, Tara Arts, whose spokesman made speeches from the floor all day. This same character, Jatinder Verma, has just resigned from the Greater London Arts executive in protest at cut in funding by GLA to groups he supports. A theatre such as the Almeida in Islington, which has a genuine internationalist outlook - and international reputation - was bullied with threats by GLA at the end of February for not having blacks on its board or, in their judgement, sufficient blacks in its audience. The ludicrous hypocrisy of these GLA multiculturalists has been well ridiculed by Tariq Ali.

were politically based, notably in the work of the feminist agitators of the mid-1970s such as Judy Chicago. But it was always theatre first, just as the avant-garde happenings of the early 1960s were an extension of artists working on canvas. Nothing much happened as a result of anyone making speeches or forming little political power bases. The best part of last Saturday was when artists as diverse as the performers Annie Griffin and Tyrone Huggins, and the directors Tim Etchells (of Forced Entertainment) and Hilary Westlake (of Lumiere and Son), gave modest but graphically informative accounts of their working methods and aspirations. Etchells' Sheffield-based company was an outstanding participant in last year's first ICA HomeWork season. This year, the discoveries for me have been the expressive comic mime of Gary Stevens in Different Ghosts, and the poetic and ambitiously scaled dream dance drama of Axis Mundi in The Hanging Tree. The latter show's designer, Simon Vignoni, has just worked to significant effect on a Cherry Orchard in a big regional theatre, the Sheffield Crucible. There is mounting evidence that the new experimental work fostered at venues such as the ICA is indeed percolating through to the nation's theatre at large. You see it all the time in opera, notably in the work of director Tim Albery and his design associates, first teamed at the ICA. The "Spring Loaded" new dance programmes at the Place aux Arts in London are the brainchild of John Ashford, a restless innovator and tireless apologist who also spent some years at the ICA. Where we stood exactly what happen next, were subjects unconsciously removed from the agenda by the vociferous multiculturalists. They also wanted to hicker about multiculturalism itself, as opposed to multi-racialism, not to mention Eurocentric post-colonialism (I think I got tarred with that brush) and "irrelevant criteria". At the end of which I rather felt like going out to see a good film, and not necessarily a foreign-language multicultural one, either. A late application of barmy comic policy for almost 20 years. I mentioned the untrumpeted inter-racial casting by Jonathan Miller in The Emperor. That was a "conscious" gesture came the reply. Miller was acting "consciously", as opposed to what? Unconsciously, in his sleep? In the face of such illogical imbecility, white theatre liberals are helpless, except of course when dealing with sensible and talented black artists themselves. Robert Wisdom may yet play a key role in this debate. He knows at first hand how the aesthetics of performance art in America

Michael Coveney. Ernest Proctor was a pupil of Stanhope Alexander Forbes at Newlyn in Cornwall. A member of the New English Art Club and an Associate of the Royal Academy, he also worked in Burma where he decorated the interior of the Kolkine Palace at Rangoon with his wife Dod Proctor. The Last Judgement will be included in the sale of Modern British and Continental Watercolours, Drawings and Sculpture at Christie's South Kensington on Thursday 7 April at 2 p.m. Other works by Dame Laura Knight, Edward Ardizzone and Augustus John are to be offered for sale. For further information about this and other sales in the next week telephone either South Kensington (01-581 7611) or King Street (01-839 9060).

Radio Upstaged by a castaway

SUB LAWLEY had an unfair start for his first appearance as presenter of Desert Island Discs, an event that has been as keenly apprehended as a Domingo performance at the Garden. She showed herself intelligent and sympathetic to a degree hardly needed on this over-rated programme, but she was beaten hands-down by her castaway, Lord Hailsham in his best bellingering manner. I wondered sometimes if it wouldn't have been a good idea if he had taken over the programme himself. I have to come back to Whose is the Kingdom? this week, for we have reached the climactic point, the Council of Nicaea. We reached it in Part Six yesterday week, and a pretty rowdy Council it was, all the Bishops arguing against one another with sentences that began "It is the fault of," until it was interrupted by the Bishop of Cyprus's daughter initiating a discussion about St. Paul, who was baptised by the Apostle Mary. Why, yes, there were 12 women apostles, Arina, who could not accept the phrase "of the same substance as the Father," was exiled at the beginning of Part Seven, and Bishop Hrothgar, having announced that "we have seen the whole Church united," set himself to ensure that the Emperor Constantine accepted what the Bishops told him. The play continues with what I think of as the fictional element in the story, the adventures of the Empress Fausta, with "The Flying Child," her daughter Helen Fausta, and the black Melanthe. The woman philosopher (and

commentator) Kylee is among the many new exiles ("Arina is not the only heretic"; indeed she is condemned to death, but is picked up by the Bishop of London, who promises to set her up in the stage (the rest of which Mr Hytner fills with large, brightly lit, flat, and largely mistletoe). Colours are for the most part clearly asserted. The "architecture" of the sliding temple panels is spectacular. Sarastro's communitively dressed somewhat as Chaperons or Shakers outdoors and Egyptian Masque indoors, introduces a temporary note of clutter, though the egalitarian wholesomeness of the groupings makes its point. (Illustrations in the ENO programme book aid the production's suggestion that Sarastro's robes are those of his idealised late-18th century perception.) As in the same producer's ENO Xerxes or Paris' Giulio Cesare, the magic assortment of detail that the stage (the rest of which Mr Hytner fills with large, brightly lit, flat, and largely mistletoe). Colours are for the most part clearly asserted. The "architecture" of the sliding temple panels is spectacular. Sarastro's communitively dressed somewhat as Chaperons or Shakers outdoors and Egyptian Masque indoors, introduces a temporary note of clutter, though the egalitarian wholesomeness of the groupings makes its point. (Illustrations in the ENO programme book aid the production's suggestion that Sarastro's robes are those of his idealised late-18th century perception.)

production of some familiar poem: "Say not the struggle naught availed," say. Holy Week or not, I needed occasional light relief. The stories from Learning How, read nightly by the author, Gertrude Kellar in A Book at Bedtime, did very well, though they weren't within an hour of my bedtime. They are profoundly sentimental. You can be sure that if anyone is unpleasant, somebody likes him, if there is someone no-one likes, he is secretly pleasant. That is the sort of formula, and Mr Kellar's Canadian voice is pleasantly relaxing. To come even further from the literary, there is Al Read on Radio 3 on Wednesdays, relaying gossip stories from Kipling Street, Salford. There was a lot about the sausage-filling machine before we got to Harry's scintilla (and a long time before the first laugh from a staid studio audience). But then we heard the story about the removal of tonsils as treatment for scintilla, and the pay-off line when the wrong chap has had been given the operation. It's not what you say, it's the way that you say it.

B.A. Young. Chess No. 717. Black can win by 99. B-KR5, 100 K-B3 (also B-R1), R-QN5, 101 K-R3 B-Q77 White can draw by 100 B-K4, R-QN7; 101 B-QB4, B-N1 ch; 102 B-B8. After 100 B-K3? Black won by R-QN7 since if 101 B-QB8, BxR. Under 1968 rules, Black would have 100 moves, not 50, to win this endgame.

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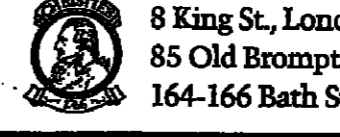
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MARLBOROUGH 6 Albemarle St., W1 Works on Paper by Contemporary Artists. Until 22 April. Illustrated catalogue £5. 01-629 5161.

PICK OF THE WEEK AT CHRISTIE'S



Ernest Proctor, A.R.A. (1886-1935) The Last Judgement Pen, ink and watercolour (detail). Ernest Proctor was a pupil of Stanhope Alexander Forbes at Newlyn in Cornwall. A member of the New English Art Club and an Associate of the Royal Academy, he also worked in Burma where he decorated the interior of the Kolkine Palace at Rangoon with his wife Dod Proctor. The Last Judgement will be included in the sale of Modern British and Continental Watercolours, Drawings and Sculpture at Christie's South Kensington on Thursday 7 April at 2 p.m. Other works by Dame Laura Knight, Edward Ardizzone and Augustus John are to be offered for sale. For further information about this and other sales in the next week telephone either South Kensington (01-581 7611) or King Street (01-839 9060).



8 King St., London SW1 85 Old Brompton Rd., London SW7 164-166 Bath St., Glasgow



WEEKEND FT

SPORT

Michael Thompson-Noel visits Korea and casts a quirky eye over the run-up to the greatest show on earth - the 1988 Olympics

Steroid-pumped giant bares its Seoul

ALL OVER Seoul today - on glinting skyscrapers and in hotel lobbies - the digital signs that are registering the countdown to September 17 will have flashed the number "168." Tomorrow it will be "167" - 167 days to go to the opening ceremony of the greatest, grandest, costliest, colossus show in the universe: the 1988 Seoul Olympic Games, which are looming into view like a steroid-pumped giant.

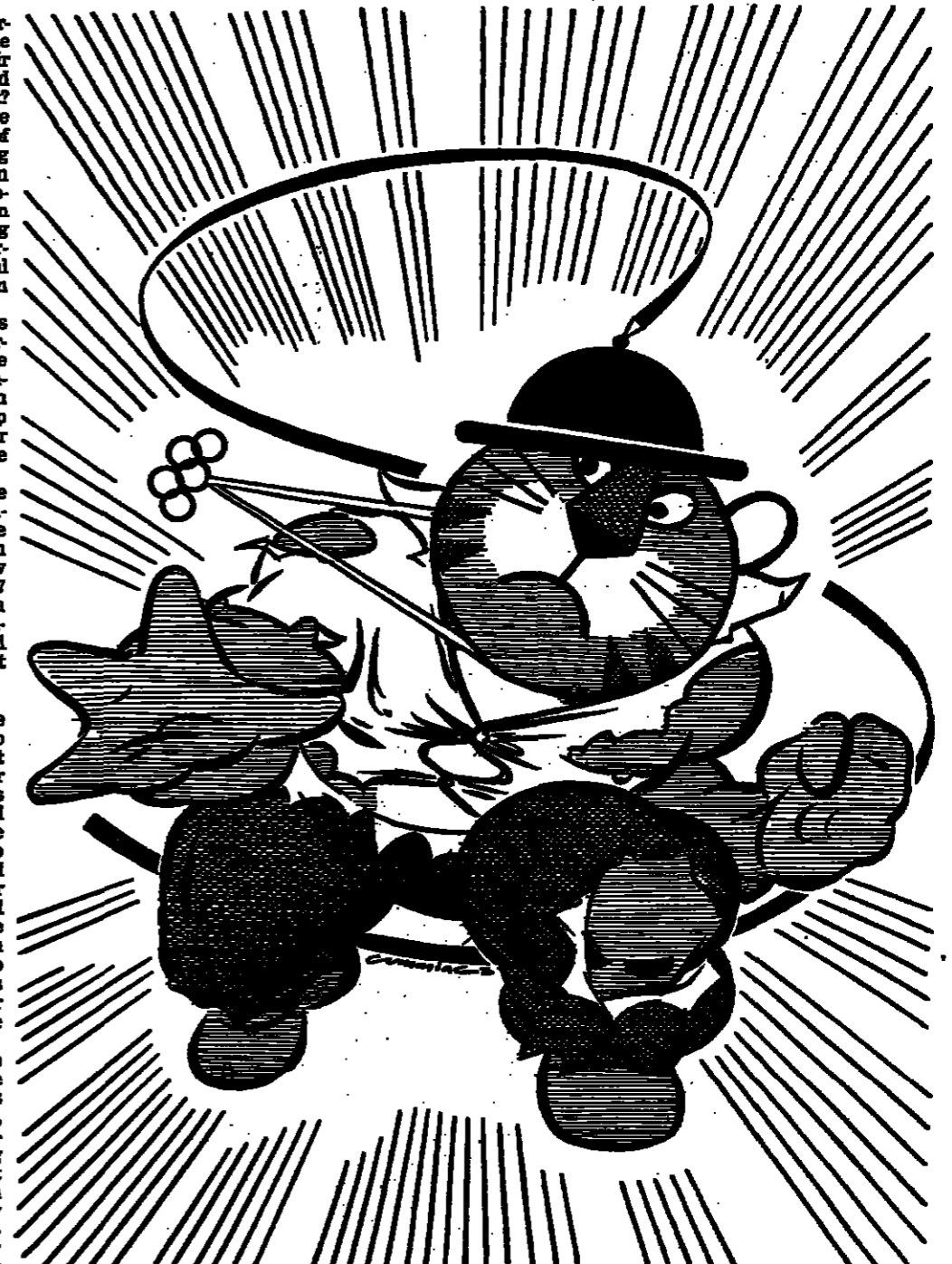
A few days ago there were reports out of Budapest, emanating from within the Sports Ministry, indicating that the Cubans, and perhaps the Nicaraguans, were in fact planning to attend, and would announce their change of mind in May or June. But who cares if they do or not, because the Seoul Olympics are already shaping up as the most spectacular ever - 16 days, 161 nations, 23 official sports, 237 events, 237 gold medals, 237 silver medals, 260 bronze medals, 34 competition venues, 4.5m tickets, 30,000 athletes, officials and media, 240,000 foreign visitors, 236 television systems from 140 countries pumping out broadcasts to an armchair audience approaching 4bn, hundreds of sponsors, millions of commercial messages - on cars, and on a megaspectacle that will embrace within its heaving grasp not only the swollen core of traditional Olympic sports but also two new sports (tennis and table tennis), two demonstration sports (taekwondo and baseball), a demonstration event (women's judo - there are seven weight classes) and two exhibition sports (badminton and bowling).



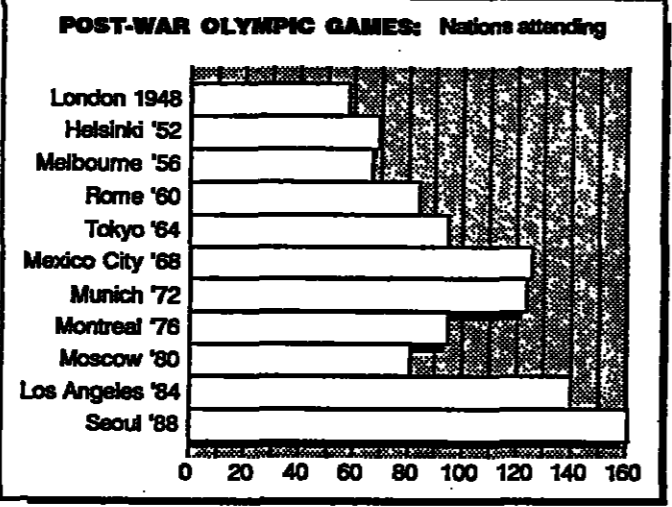
Apart from the swimming pool and parts of the Olympic Village, all work is just about completed. The competition sites are not only tried and tested (Seoul has already hosted the Asian Games), but sensibly clustered, so that the agonies of commuting between far-flung stadia - one of the more nonsensical aspects of Los Angeles' drab 1984 Games - will be avoided. Security is unlikely to be a problem. With the KGB, CIA and Chinese intelligence - plus Korea's own formidable security forces and spies and spooks from 100 other sources - climbing all over the place, Seoul is expected to be as safe as a bank vault in September, so much so that the international intelligence community will have time to stage its own events and medal ceremonies.

The only hitch is likely to be Korea's lack of English-speaking personnel. A few days ago senior officials took me to see the Olympic Village. At the gate, our limo was halted by a toy boy soldier who looked about 14 and who would not let us pass. The official named. They are so arrogant, these people, and ignorant, too," he shouted. The toy soldier was armed, though I doubt that he had bullets. What of the cost? The Koreans have spent heroically, though with some extravagance, on a big profit, money in not an issue this time around, for the Seoul Games are designed to launch South Korea on to the world stage. Yet the sums are still impressive. The all-up cost is described as \$3.1bn, which includes \$1.4bn for projects only indirectly associated with the Olympics. These include wonderful works that are part of the Government's Fifth Social and Economic Development Plan, such as the Han River project. The remaining \$1.7bn is money spent directly on the Olympics: for preparing 112 competition, training and support facilities, for labor, and for actually staging the Games. Only \$1.4bn has come from the private sector leaving a direct cost of \$900m. The hope is to break even - an ambition that seems bound to be realised, given the titanic energy the Koreans are putting into selling the Olympics. The money is rolling in. Throughout the country, Olympic souvenirs are already on sale and TV rights are expected to yield \$400m. Although the Seoul Games are expected to be less "commercial" than Los Angeles (they will be, but hardly be otherwise), the IOC is still bound to attract flak: to be accused of selling its Olympic soul for a can of Coke, a flash from Kodak, and a dollar or two from Visa. True, the golden oldies of glitz marketing are already signed up, which is all quite predictable, all immensely tedious, though I note that Hyundai, the Korean car maker, has been quite snifty about the Games, observing that it felt obliged to participate. At the micro level, I have to

say I am impressed with the Koreans' assiduousness. No stone has been left unturned in their effort to wring out money, and what can be wrong with that? For instance, within Korea there is an official Olympic supplier of soybean milk (Lotte Chilsung Beverage); of *mandu* (Korean dumplings); of "instant" "nutritional agents" (Chang Kun Dang), and of "imitation king crab meat" (Han Sung Enterprise). That is correct an official Olympic supplier of imitation crab meat. What is not inevitable is the Games' lurch towards gigantism. In Tokyo 24 years ago there were 19 sports and 161 events; in Moscow in 1980, 21 and 203. Now there are 23 sports and 237 events, though Sangin Chyun, a member of SLOOC (Seoul Olympic Organising Committee) told me that gigantism was not, at present, an IOC issue. We shall see. As for the North Koreans, the only reason was for them to host a few minor events. But they are certain not to do so, nor to come to the party. "The door is still open to North Korea," said Chyun diplomatically. "But time is running out. If they decide to join, they must do so as a full IOC member. The deadline for preliminary entries is not until May 17, so they can still change their minds." He says that South Koreans are looking forward to the Games and that the Olympics will provide a great occasion for us to establish our status in the world. I like the Koreans. They are hearty and pugacious. At the LA Games the South Koreans won no fewer than 19 medals, including six golds (two in wrestling, one in boxing, one in judo and one in women's archery). At the very least, I wish them another 19 medals. And a hugely successful Games. The superpowers want that, so that is probably what will happen. But when they demand round the imitation crabmeats, we might just cry "Pass!"



'A lurch towards gigantism is not, at present, an issue for the International Olympic Committee'



FT CROSSWORD No.6,596

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday April 13, marked Crossword 6,596 on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4DF. Solution on Saturday April 16.

Crossword puzzle grid with clues for Across and Down.

SUNDAY

Sunday crossword puzzle grid with clues for Across and Down.

SATURDAY

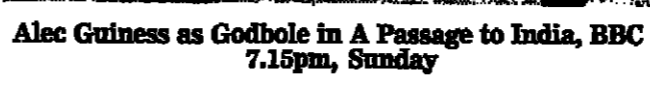
Saturday television and radio schedule listing programs like 'The Three Faces of Eros', 'The Man from U.N.C.L.E.', and 'The Man from Snowy Mountain'.

SUNDAY

Sunday television and radio schedule listing programs like 'The Three Faces of Eros', 'The Man from U.N.C.L.E.', and 'The Man from Snowy Mountain'.

TELEVISION AND RADIO

Television and radio schedule listing programs like 'The Three Faces of Eros', 'The Man from U.N.C.L.E.', and 'The Man from Snowy Mountain'.



Alec Guinness as Godbole in A Passage to India, BBC 1, 7.15pm, Sunday

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